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What was he thinking? Dr. William Cooper's decision to increase the University of Richmond's tuition by 31 percent in 2005

Rooney V. Columbus

"What Was He Thinking? Dr. William Cooper's Decision to Increase

The University of Richmond's Tuition by 31 Percent in 2005"

by

Rooney V. Columbus

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Abstract

"What Was He Thinking? Dr. William Cooper's Decision to Increase The University of Richmond's Tuition by 31 Percent in 2005"

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Committee members: *Dr. George R. Goethals, Dr. Joanne Ciulla, Dr. James Monks*

In 2005, Dr. William Cooper, then the President of the University of Richmond, decided to increase the institution's tuition price by a staggering 31 percent. Given the general societal opposition to tuition increases in higher education, questions are raised as to why and how Dr. Cooper made such a bold decision, and whether this was an instance of good leadership. The answer to "why?" lies in the unique intricacies of the economics of higher education, where unlike traditional microeconomic theory, the competitive market produces higher prices overall, and increases to a university's overall wealth can lead to enhanced educational quality and increased institutional access and affordability. The answer to "how?" rests in the narrative of Dr. Cooper's decision-marking process, a story of careful, deliberate and expert navigation through the university's governance structure. The appraisal of whether this was an exhibition of "good leadership" involves an evaluation of both leadership effectiveness and leadership ethics. Generally speaking, per the criteria of G. Donald Chandler and John Chandler's theory of leadership effectiveness as well as many other theories of effective leadership, Dr. Cooper did display effective leadership through this decision. Also, since the decision led to both a definitive betterment of the university and to a potential betterment of society, Dr. Cooper demonstrated ethical leadership in his decision. Ultimately, Dr. Cooper's bold decision in 2005 was an example of "good leadership."

Signature Page for Leadership Studies Honors Thesis

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Thesis presented

by

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This is to certify that the thesis prepared by *Rooney Columbus* has been approved by his committee as satisfactory completion of the thesis requirement to earn honors in leadership studies.

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Introduction

"Skyrocketing," a word frequently and hyperbolically used by columnists in the present age, is the verb du jour when describing the increasing price of college tuition in America over the past thirty years. The media does not seem to be exaggerating in this case, though. The cost of attending a collegiate institution, in the year 2013, has increased by 631 percent since the year 1978, two and a half times the national rate of inflation.[1] In essence, the increase of price of a degree is well over twice the increase in the price of groceries during the same timeframe. Thus, higher education is seemingly becoming more expensive and unattainable for Americans, a cause of great concern within the nation's political and economic discourse. In light of this trend, Americans yearn for more access and affordability in the academic realm. Recently, in February of 2013, President Obama claimed, "We can't allow higher education to be a luxury in this country. It's an economic imperative that every family in America has to be able to afford."[2] In an era when the nation longs for more affordability and scrutinizes institutions that implement great price hikes, one would think it might even be beneficial to offer a lower price to prospective students. At the least, it would seem counter-intuitive that any university ought to raise its sticker-price by any amount greater than the national inflation rate.

However, in 2004-05, Dr. William Cooper, then the president of the University of Richmond, did exactly that. Beginning in the fall semester of 2004, the university increased its price of attendance by 27 percent and its price of tuition by 31 percent, ultimately increasing the sticker-price by $7,000 per student. The action was essentially unprecedented by a small, liberal arts college like Richmond, or, for that matter, any postsecondary institution. What's more, the university had previously positioned itself in the marketplace as a school which provided value to its students, offering a strong degree for a great price. Raising the price, in this manner, was most definitely a daring act of leadership. Cooper was lauded by some for his resolve towards his vision for the university and vilified by others for making an already affluent university more expensive and supposedly less accessible for prospective students. Considering the pressure put upon universities to control their costs of attendance, it begs one to question how Cooper could justify such an increase. Why did Richmond, an already flourishing and well-endowed institution, need more tuition revenue? Why move away from the university's former mission of offering value to its students? Most importantly, how could Cooper's decision ever be determined an act of "good" leadership, considering both leadership effectiveness and ethics?

In this paper, I will address the questions above. I will first present the contextual elements most relevant to Dr. William Cooper's leadership decision in 2004-05. In chapter one, I will describe the nation's broad, socioeconomic landscape relating to education. Next, I will explain the unique intricacies of the economics of higher education, in contrast with traditional microeconomic theory. Afterward, I will delve further into matters specific to the University of Richmond within the marketplace for postsecondary education, including the school's market position, its competitor schools and the ranking systems used to evaluate college quality. In chapter two, I will present the narrative of Dr. Cooper's decision itself, in light of chapter one's contextual elements. Finally, in chapter three, I will discuss an evaluation of the decision, using theories of leadership effectiveness and leadership ethics, reinforced by an understanding of the economics of higher education. I will consider each contextual level of the decision, from the university at-large to society as a whole, in my evaluation. Ultimately, I will come to a conclusion whether Dr. William Cooper's decision to raise the sticker-price of Richmond by 27 percent in 2004-05 was an example of "good" leadership in higher education.

Chapter One: Context of the Case Study

I. Broad Context of Dr. Cooper's Decision:

In order to fully understand and evaluate the tuition-pricing decision made by former University of Richmond president William Cooper, one must have an idea of the macroeconomic trends and socioeconomic positions of the nation in the years prior to and following 2004-05. In this section, I will examine the economic climate from the 1990 until 2013 as well as national concerns about sticker-price and student debt. I will then briefly discuss financial aid, and afterward, identify the government's role in higher education. Additionally, I will describe society's viewpoint on higher education aside from economics. Finally, I will provide a discussion of the future of higher education, considering both 2004 and 2013.

A. Nation's Economic Climate: 1990-2013

In the 1990's, the United States experienced substantial economic growth. The growth rate of real GDP commonly remained above 4% per year.[3] The nation's overall productivity accelerated, especially due to extensive technological advances in the economy.[4] Rapid growth continued through the end of the 1990s. The unemployment rate fell below five percent in 1997 while inflation rates remained manageably low.[5] The late 1990's economic expansion became the longest expansion in the United States' economy on record.[6] The stock market was soaring until 2000, with rapid price increases in the stock prices and valuations of technology corporations. However, by 2000-01, it was evident that the rapid price increases in the dot-com sector were unsustainable. Many of the large internet business ventures, forecasted to be extremely profitable, failed miserably. The economy worsened until 2001 with GDP increasing at only one-third of a percent and unemployment reached its highest rate in four years.[7] The past decade of growth came to a serious and abrupt halt at the beginning of the 2000's.

The economic build-up to 2000-01 is also known as the Dot-Com Bubble. A bubble emerges within a specific sector of the economy when prices seem to be based upon implausible views of future asset values, profitability, or return on investment.[8] In the Dot-Com Bubble, growing internet start-ups, forecasted to have much financial promise, were just not worth the billions of dollars at which they were initially valued. When the values of the companies were finally realized, the market receded greatly. The effects of the Dot-Com Bubble were short-lived, though. The economy rebounded in the years leading up to Cooper's decision, moving from annual growth rates in real GDP near zero in 2001 to rates above four percent in 2004.[9] Median household income levels were relatively level[10] and unemployment was beginning to decline again.[11] In fact, in 2004, Alan Greenspan, the former head of the Federal Reserve, was quoted saying that the United States was "doing just fine" and "…entered 2005 expanding at a reasonably good pace, with inflation and inflationary expectations reasonably well anchored."[12] In short, the overall economic climate in 2004 was favorable, an important notion to keep in mind when evaluating Cooper's price hike. Making a similar decision in 2000 in a more unstable climate may have proven much more difficult.

Part of the reason for the rapid, economic growth experienced in the early to mid-2000's was the boom in the United States housing market. Housing prices were soaring nationwide and most people assumed that mortgaging or refinancing a home was a safe and sound investment, due to the rate by which housing prices were increasing. At the same time, many banks granted mortgages to individuals with very poor credit, who most likely would default on those loans.

Additionally, big banks purchased the aggregate debt from smaller banks and repackaged it through various complex, financial instruments, making huge profits. The nature of these financial instruments now connected the nation's local housing markets which were formerly independent of one another. Housing prices in one portion of the nation, say Boston, now affected prices in Albuquerque, New Mexico. Defaulting anywhere now had severe, nationwide ramifications. Once housing prices stopped increasing at their unsustainable rates, people began to default on their mortgages at an alarming rate, drying up much of the funds in banks everywhere, not just in local markets. When banks had no money, they could no longer issue loans to any commercial entities or private citizens, causing a huge freeze which stifled the entire economy – the banking crisis of 2008. After the recession which followed the banking crisis, the nation's economic performance looked bleak, consumer confidence was extremely low and many individuals' median incomes and net worth were negatively affected.[13] As a result, it is hard to imagine a college president making a decision like Cooper's in the post-2008 economic climate either.

The Great Recession of the late 2000's obviously was not a consideration in Cooper's decision, nor could it reasonably have been. It would be rash at this point in the paper to hold Cooper immediately accountable for the university's well-being during an event widely regarded as unforeseeable, unless the decision solely was made because of a prediction of an impending crisis, which is not the case here. But, assigning responsibility to an individual is one matter; objectively analyzing the cause and effects of a complex situation is another. Taking note of the recession's effects on higher education's future role in society and the University of Richmond's future within higher education, it will be necessary to note if Cooper did or did not make the university more financially sustainable in the long-term when he increased tuition by 31 percent.

B. National Concern about the Price of College

All things considered, the negative consequences of speculative bubbles in the American economy's recent history make economists, politicians and the general public very anxious about certain sectors which exhibit rapidly increasing prices. During the housing bubble, people assumed that they could purchase a house at a certain price and then resell it in the future for a guaranteed profit. Similarly, most people invest in a college education under the impression they will receive a substantial return due to potential, future earnings. Yet, if the *value* of the education does not align with the *price* that the student pays, possibly because the rising tuition prices may lead to egregiously burdensome debt, then the higher education market would suffer once the alternatives to attending college become more profitable endeavors. Historically, there is no real debate whether a college education leads to greater earnings; the returns on a college education are definitively proven. For instance, "the median weekly earnings for a full-time, full-year bachelor's degree holder in 2011 was 64 percent higher than those for a high school graduate."[14] Also, the unemployment rate for bachelor's degree-holding individuals is 4.9 percent, compared to 9.4 percent for individuals with only their high school diploma.[15] It is clear that graduating college, compared to the alternatives, is more often than not the more lucrative route.

There is much contention, though, about the existence of a higher education bubble and the *diminishing* returns from a college diploma. Many prominent academics, economists and entrepreneurs take stances on either side of the debate. For instance, Peter Thiel, the founder of PayPal and renowned predictor of both the Dot-Com and housing bubbles, argues for the parallels between housing and education by claiming, "…the education bubble is about security and insurance against the future. Both whisper a seductive promise into the ears of worried

Americans: *Do this and you will be safe…*Housing prices would always go up, and you will always make more money if you are college educated."[16] On the other hand, experts also assert the contrary, that the returns to a college education still do support the cost of investment. Philip Oreopoulos and Uros Petronijevic, in their article "Making College Worth It: A Review of the Returns to Higher Education" cite several analyses in support of the average investment in a college education in relation to its cost. One analysis reads:

> "When Avery and Turner analyzed total accumulated student debt six years after college enrollment from 2004 to 2009, they found that the median accumulated debt among students at public four-year institutions was $6,000. Among those who completed a bachelor's degree, the median was $7,500; the 90th percentile was $32,000. Less than half of a percent of graduating students…had more than $100,000 of student debt… The authors concluded that the popular media claim that levels of student borrowing are universally too high is simply not accurate"[17]

Therefore, even though similarities certainly exist between the characteristics of the housing bubble and the current trends in the higher education market, expert analysis seems to settle the debate over the returns of an investment in postsecondary education at this point in time. At any rate, the most important takeaway from the aforementioned debate is the augmented anxiety citizens and experts possess concerning the increasing cost of higher education. Focusing on Richmond's role in the overall national trend of increasing sticker-prices is also integral to the discussion. If Cooper was to justify his decision economically, he had to ensure his institution delivered long-term value to its students equal to or greater than the cost of attendance. The congruence or incongruence between the price and value of a postsecondary education will be a reoccurring theme in the evaluation of Cooper's leadership.

C. National Concern about Student Debt

Furthermore, mass accumulation of debt by the public is also a great concern of the American people. People take on large amounts of debt to pay for their college education, under the assumption that, in the long-run, their investment will pay off. Whereas the Avery and Turner study, presented in the previous section, shows debt levels currently are not troublesome in relation to return on investment, there are many notable statistics regarding rising levels in student debt, which show a potential future decrease in return on investment or even individuals turning away from pursuing a postsecondary education altogether. Initially, 12 million of the 20 million students who attend college annually borrow money in some amount.[18] In 2004, total national student debt was roughly below $350 billion.[19] Since 2004, student loan debt has nearly tripled, totaling to around one trillion in 2012.[20] As a result, one can see that over the same timeframe when college tuition price increases greatly, debt levels too increase greatly since students finance more of their education by borrowing.

Debt in and of itself is not necessarily troubling. Not being able to pay that debt is, however, and delinquency rates are rising as well. In 1999, only $90 billion in student loans were outstanding; in 2011 that same balance had expanded to $550 billion.[21] What's more, between 2004 and 2009, 41 percent of federal student loan borrowers faced negative consequences of delinquency or default.[22] Higher education, economically speaking, is supposed to enhance a nation's growth by enhancing society's aggregate human capital and earning potential. However, when individuals' debt burdens amass to such a high level, college graduates may not be able to spend and invest in the national economy to even achieve that intended growth. Though Avery and Turner claim that returns to higher education are currently still increasing, the duration of that trend comes into question when examining student debt levels and delinquency rates.[23]

Relating these trends in student debt to the case at hand, one must evaluate how the increase in tuition at Richmond affected its prospective students' means of financing their education. Did the price hike increase the amount of loans taken out by its students? If so, did that affect the demographic composition of enrolled students? Did Richmond mitigate the amount of its students' loans by bettering their financial aid program? All of these questions are integral considerations in Cooper's decision.

D. Financial Aid

Taking those concerns into account, one must note that the entire canvas of college affordability in America does not solely consist of increasing tuition prices and rising student debt levels. Financial aid plays a huge role in mitigating rising college costs and granting access to higher education to individuals from all financial backgrounds. The United States government historically has given a significant number of grants to American students to attend colleges. From 1998 until 2008, the amount of federal, state and private grants given to students has roughly doubled from just over $20 billion to about $45 billion.[24] Furthermore, American students receive aid in many different forms, including "loans, grants, scholarships, government-subsidized jobs… and tax benefits" from the federal government, state governments, higher education institutions, private entities, etc.[25] I will further discuss the intricacies of financial aid, especially in relation to the pricing decisions of colleges, in the next section on the economics of higher education. What is important to know now though is the government's overall position and actions in relation to higher education.

E. Government's Role in Higher Education

The federal government takes great interest in increasing access and affordability for American students. The federal government's role began in 1862 when Congress passed the Morrill Land-Grant Colleges Act, granting the federal government the responsibility of developing public universities, in order to meet the "demands of a growing, industrializing nation."[26] Then, roughly fifty years ago, the federal government granted colleges and students large subsidies with the passage of the Higher Education Act of 1965, as part of President Lyndon B. Johnson's Great Society. The mission of the legislation was to "to strengthen the educational resources of our colleges and universities and to provide financial assistance for students in postsecondary and higher education."[27] The act has been amended nine times since 1965, most recently in 2008, greatly expanding the amount and types of funding available for institutions and students.[28] Nowadays, according to the "The Condition of Education 2013" report released by the Department of Education, the federal government provides one-third of the economic expenditures on education totaling $181 billion, $146 billion of which was student financial aid in the form of student loans, grants, work study, etc.[29] Overall, the financial role of the federal government in higher education has expanded greatly over time.

Pell grants, in particular, are one notable means by which the government attempts to lessen costs, especially for low-income students. Only individuals with family incomes below the national median are eligible, and their grants occur in amounts ranging from $575 to $5,550.[30] In 2004, the federal government administered Pell grants to over five million Americans, totaling 12.7 million dollars; in 2012 the number of recipients had increased to 9.4 million, totaling 33.5 million dollars.[31] Pell grants are just 33 percent of the Department of Education's budget, though, and many other forms of aid exist for students, such as Stafford loans and Perkins loans.[32] As one can see by examining Pell grants and other forms of aid, the federal government does act to mitigate the cost of higher education for the American student in need.

As I will discuss later in the paper, Pell grants are an interesting component to Cooper's evaluation, specifically because well-endowed universities receive scrutiny from supposedly exploiting Pell grants. A recent study by the New America Foundation, examining well-endowed universities and its percentage of Pell Grant students, found:

> "There is compelling evidence to suggest that many schools are…using Pell Grants to supplant institutional aid they would have provided to financially needy students otherwise, and then shifting these funds to help recruit wealthier students. This is one reason why even after historic increases in Pell Grant funding, the college-going gap between low income students and their wealthier counterparts remains as wide as ever."[33]

If Cooper raised the sticker-price of the University of Richmond exclusively to generate more revenue, and in turn did not intend to increase access to low-income, Pell Grant recipient students, then the decision has certain ethical implications. Though that was not Cooper's intention, the national phenomenon of schools like the University of Richmond engaging in that behavior affects the public perception of small, private, liberal arts universities. Plus, if a larger gap between wealthier and poorer students enrolling at Richmond was a result of the decision, this too cannot be ignored in the evaluation.

It is also important to note that the federal government is secondary in supporting American postsecondary education. Its role remains quite considerable and influences the industry greatly, but state governments primarily fund higher education. As of late, though, public funding for higher education is decreasing. For instance, an annual study of state expenditures on higher education, conducted by the Illinois State University Center for the Study of Higher Education, found that funds for colleges and students diminished by 7.6 percent in 2011-12.[34] Virginia itself has decreased its state higher education funding by 9.7 percent since 2008.[35] Public institutions receive the majority of public funding. Private institutions such as the University of Richmond, funding is much less determined by state subsidies and more so upon tuition revenue streams, endowment returns, gifts, grants and federal subsidies. What is important is that a major reason for some of the tuition increases at public universities across the nation is the drying up of state governmental revenue streams. The University of Richmond, however, does not fully feel the same effects that a public institution would in that event. Thus, Cooper's tuition decision was probably grounded through a different justification than a public university's president who would have made a similar decision.

Furthermore, the government attempts to intervene in other ways in higher education, for the sake of affordability. "Tuition freeze" legislation, which places a limit on tuition increases, sometimes gains support in government. Most of these bills occur on the state level in the short-term, rather than on the federal level over longer periods of time. The stated goal of a tuition freeze, just like federal grants, is to increase accessibility to higher education for lower income individuals, by means of bettering affordability. Most recently in 2013, the state of Minnesota passed tuition freeze legislation for its public colleges and universities for the sake of increasing affordability.[36] Kevin Kiley, in his article "Starting to Worry" mentions voluntary tuition caps and tuition freezes as an obvious means to control tuition price inflation, citing prominent schools like Middlebury and the College of the South as examples.[37] Many schools do self-implement tuition freezes. In 2000, Williams College, and in 2007, Princeton University, also held their tuition constant for a short period of time. Nevertheless, their actions had no real permanence.[38] Whether externally or internally imposed, though, a tuition freeze can be seen as a potentially useful means to increase affordability for college students.

The concept of a tuition freeze is extremely relevant to the Cooper study. First, Cooper acted in a fashion almost entirely opposite to what a tuition freeze entails. Instead of halting tuition increases, he overtly embraced them. Though this point is relatively intuitive, it is necessary to understand. In the years leading up to and past 2004, there was growing sentiment for a *federal* tuition freeze bill.[39] Senator Charles Grassley of Iowa was building support by publicly condemning well-endowed colleges, including the University of Richmond, for hoarding endowment returns and not controlling costs at the expense of students' and families' purses.[40] Thus, in 2004, one must consider the influence of timing upon the decision, due to the concern over potential tuition freeze legislation which would inevitably prevent Richmond from implementing a substantial tuition increase in the foreseeable future. However, note that federal tuition freeze legislation still has not gathered enough support to be passed.

Moreover, affordability of higher education falls under the umbrella of the broader term "access" to higher education. Previously, I have used the words "affordability" and "access" interchangeably, due to the fact that economic background is such a pertinent factor in college attendance. The federal government is concerned with improving access to education by other means as well, namely improving the information gap regarding the financial literacy of the American public. In 2013, President Obama has been quite outspoken about the rising costs of college tuition in America and its challenges for widespread access to higher education. He proposed the creation of a new college rating system, based upon overall "value" to students, through considerations of access, affordability and outcomes. The rating system is essentially in direct opposition to other current systems, like those in *Forbes* or *US News and World Report*, which supposedly misplace their emphasis on selectivity and prestige.[41] The rating system would place emphasis on access through metrics such as the percentage of students that receives Pell grants, which measures a college's enrollment rates of low income students.[42] After four years, federal aid will become tied to institutions' performance under the new rating system. Students attending high-performing, high-value schools will receive more Pell bonuses and more affordable student loans, with the intention of perpetuating access-granting behavior by universities.[43]

The overall aim of the proposed rating system is that, over time, all segments of the American population can obtain necessary access to higher education, which high tuition prices, debt and exclusive behavior by universities may prevent. The problem does not necessarily always reside with high prices though, but rather the financial literacy barriers of which individuals, specifically first generation, low-income students, are unaware. Some students sensibly attempt to avoid loan burdens, yet run out of money before earning their degree. Certain qualified, lower income students do not apply to elite schools because they are unaware of lucrative financial aid packages. Other similarly situated students find the application process so overwhelming they unnecessarily forego the chance to attend a four-year college.[44] For whatever reason, Americans do not possess all the requisite information in order to maximize access to higher education. The information gap is not just an emerging issue either, but was quite relevant in 2004 as seen by a Sallie Mae Study claiming "the data…made clear that a significant portion of the general population wasn't getting information on financial aid options that would enable them to attend the schools of their choice."[45] Again, it will be useful to see whether Cooper took this issue into consideration in his decision. The manner in which he dispersed information regarding the tuition increase to the constituents of the University who were external to the decision-making process will be evaluated.

F. Social Role of Higher Education

So far, much of the contextual discussion has pertained to the pecuniary arguments surrounding higher education. Economically speaking, the national conversation on higher education favors affordability greatly. However, there still are several arguments for the importance of higher education beyond its status as an economic imperative. First, the idea of increased access means greater representation of different demographics in the academic environment. One compelling argument is that increased diversity leads to better academic outcomes. Gurin, Dey, Hurtado and Gurin conducted a study supporting this notion, claiming that the informal interactions among a diverse group of individuals, such as the peer environment of a college campus, leads to increased democratic outcomes of civic, racial and cultural engagement.[46] Furthermore, they also find increased exposure to diversity was significantly related to learning outcomes, even adjusting for individual students' differences in aptitude when enrolling in college.[47] As one can see, not only does heightened access and improved diversity better academic outcomes for those potentially pushed out of the higher education marketplace in the first place, but it also augments overall outcomes for *everyone* participating in academia.

Similarly, the existence of a well-educated populace is another argument for higher education. Ancient Greek philosophers, such as Plato in *The Republic*, spoke about the ideal of education, that "what education should be [is] the art of orientation. Educators should devise the simplest and most effective methods of turning minds around. It...should proceed on the understanding that the organ already has the capacity, but is improperly aligned..."[48] Many Greek philosophers contended that education is essential for the complete self-realization of man.[49] To

Aristotle, knowledge and virtue are equal, both being integral for one's soul to be wholly satisfied. According to the Greeks, the world is bettered by having more intellectual individuals. Though I would say that the American public generally does not take an Aristotelian position on the importance of education, one can conceive of the contagion of intelligence, the idea that intelligence in some generally breeds more intelligence in others. One can find the basis for this in social psychological research on intelligence and birth order. Psychologist Robert Zajonc finds that earlier-born children are more intelligent than their later-born siblings, since the former gain an intellectual advantage through teaching the latter.[50] An extension of this argument can be found in the idea of peer effects in higher education, an environment where students teach one another quite frequently. Winston and Zimmerman conclude in their article "Peer Effects in Higher Education" that "it seems clear that peer effects exist – that students' characteristics and behavior do…influence other students' behavior with conventionally measured academic characteristics (like SAT) influencing conventionally measured academic performance (like GPA)."[51] Sacerdote confirms the findings of Winston and Zimmerman, using a similar methodology with a different sample of college students.[52] As one can see, increased access to education can lead to an intellectual betterment of society.

In addition, some individuals propose an economic justice argument of higher education serving as a platform to promote societal equity and mobility through the development of an education-based meritocracy. John Goldthorpe, in his paper "Education-Based Meritocracy: The Barriers to Its Realization" explains how higher education could potentially filter out considerations of privilege and class from being a major determinant of future success for children. If admissions to postsecondary institutions were solely based upon ability, gaining employment was strengthened by one's academic qualifications, and the relationship between schooling and employment remained constant regardless of socioeconomic background, an education-based meritocracy could be attained.[53] The United States education system, in its present state, most definitely does not reflect a pure meritocracy. For higher education to even do so would be contingent upon America's elementary and secondary educational systems exhibiting similar characteristics of Goldthorpe's ideal, which they generally do not. However, one can use theories like Goldthorpe's, as well as other principles of economic justice, to evaluate the ethics of Cooper's decision. Was Cooper's intention to make Richmond a more diverse meritocracy, in enrollment and student outcomes, by raising tuition? Such is an important question to ask, considering the more privileged individuals are those who can afford the higher tuition prices.

Finally, there are many other nonpecuniary benefits to higher education which society holds in high regard. The university environment grants students the opportunity to enjoy spending time in the company of their peers and participate in extracurricular activities which they may not be able to pursue elsewhere. Also, certain studies claim that workers with more schooling hold jobs that offer a greater sense of accomplishment compared to non-college graduates, and that college graduates tend to enjoy better health on average, controlling for genetic background and income.[54] One of the strongest nonpecuniary benefits of a college education, though, is the edification of values and the exhibition of social criticism which occurs in higher education. Michael S. McPherson and Morton Owen Schapiro argue in their article "Skills, Innovations and Values: Future Needs for Postsecondary Education," in light of future trends of technological advances and globalization:

> "Colleges and universities are now in the U.S…the place where systematic and open-minded reflection on these matters happens. There are few social needs more important than maintaining, or sometimes creating, traditions of searching critique and civil discourse about these fundamental issues."[55]

They state that, due to rate of increase of technological advances, a college environment which breeds creativity, solidifies values and fosters critical thinking about vital social issues is now more important than ever.[56] Thus, the most beneficial outcome of higher education is a better functioning democratic society with better informed citizens. All in all, these several arguments go well beyond the economic costs and benefits discussion pertaining to higher education. It will be interesting to see how Cooper's decision aligns or misaligns with these various social arguments, amongst many others.

G. Future Role of Higher Education

In a similar vein to McPherson and Schapiro's considerations about the evolving landscape of higher education, technological advances and other innovative practices bring great promise and potential for dramatic change within the enterprise. First, in the past ten years, the fastest growing segment of the higher education sector has been for-profit colleges and universities.[57] From 2000-2011, enrollment in for-profit universities increased nearly 335 percent.[58] Opposed to private, well-endowed, not-for-profit universities, most for-profit schools offer a "vocational or technical education, either for certificates, two-year associate's degrees, or bachelor's degrees."[59] For-profit institutions intend to deliver a career enhancing education at a much more affordable price. The true affordability of for-profit institutions receives much criticism though. The six-year graduation rate of for-profit institutions is 28 percent, compared to

65 percent of private, non-profit schools.[60] Plus, the delinquency rates on loans for the supposedly more affordable, for-profit schools are nearly quadruple the rates for not-for-profit universities, at 15.4 percent.[61] Granted, the financial backgrounds of the students attending each type of school vary greatly, it would seem that the returns from an education at a for-profit institution, at this point in time, are far less lucrative.

Online education is also emerging at a very rapid pace. Beginning in the early 2000's, many for-profit colleges incorporated online learning programs as part of their educational offerings. They targeted a certain segment of the market, working adults who were not suited for traditional higher education, and delivered to them a lower cost education typically through the online medium.[62] Online education is recognized as a potential disruptor in higher education, with the ability to drastically transform the overall cost structure of the industry. Offering online classes is a much cheaper alternative than the high fixed costs of campus education, and many universities are beginning to explore online opportunities. Yet, certain schools are offering online courses in their curricula, yet charging the same price as traditional courses. Due to the low start-up costs of online education, these schools are making profit margins upwards of 2000 percent, which draws great criticism.[63] Still, other technological innovations bring great promise. Carnegie Mellon University's Open Learning Initiative has developed a hybrid in-class/online statistics class, employed by six other public universities, in which its students perform equally as well as the students who enrolled in the classroom-setting version of the course.[64] Additionally, MOOC's, or Massive Open Online Courses are on the rise. MOOC's are free, online lectures taught by renowned professors, which do not limit its exposure to a certain number of viewers.[65] Technological innovation already brings cost-effective solutions to the marketplace, with the potential to bring so much more.

Again, the government also attempts to take an active role in spurring innovation in higher education. In the same 2013 proposal for educational reform which included the new rating system, Obama's second stated goal is to promote innovation and competition among universities, in order to find the most efficient and productive educational practices. He aims for the federal government to act as a "catalyst for innovation" which "drives down costs while preserving quality."[66] The President lauds various ways that colleges have implemented cost-effective innovations, such as awarding credits based on learning, not just time spent in class, using technology to replace in-class time as well as various student services, recognizing prior learning as well as developing accelerated degree programs. Obama also describes actions which the administration will take to spur innovation. Congress has developed a $260 million "First in the World" fund to test innovative approaches to education. Obama also intends to empower students with information, not just through the new rating system, but also through a "Datapalooza" program which presents students with even more private-sector and earnings information.[67] More regulatory flexibility will be granted to universities as well, which will promote "experimental sites" for "high-quality, low-cost innovations in higher education."[68] Most of the literature against the second portion of Obama's plan is not necessarily critical in nature, but rather cautionary against the specific programs that the President mentioned. Baum and McPherson warn that "we have little evidence at this point about some of the ideas highlighted by the president as 'best practices.'"[69] They claim that the practices the President endorses have great potential, yet lack the empirical evidence which proves their effectiveness. Baum and McPherson certainly do not denounce the Presidents objective of spurring innovation; they only assert that there can be other solutions that society has not conceived yet.

A significant amount of writing does exist about other innovative practices occurring within higher education, much involving cost-cutting strategies. Russell Osgood, former president of Grinnell College, supports in his article "Making Liberal Arts Colleges Sustainable" a three-segment academic calendar that permits students to attain credits faster and enter the workforce more quickly than the traditional two-semester schedule.[70] He also supports readjustments in financial aid programs, an accomplishment of his own at Grinnell College, shifting funds from merit scholarships towards need-based aid.[71] Also, at Brown University in 2009, the university challenged itself to reduce expenditures by $16 million, in the wake of a 26 percent decrease in its endowment. It did so through administrative restructuring, including consolidating and centralizing some support staff, instituting or increasing some fees, realigning the model for custodial services, optimizing the use of facilities, including for external events, centralizing graphic and Web design services, and centralizing general information technology support.[72] Many of these practices are being tested by many other universities already, and many are yet to be even developed and implemented.

Identifying these future trends in higher education is extremely relevant to the overall evaluation of Dr. Cooper's decision. When one makes a decision to direct one's organization in one specific route, there are always other alternative routes which one could have taken. Cooper made a groundbreaking tuition pricing decision, with the motive to enhance his institution's competitive position within the higher education marketplace, in relation to other competitor universities. He ultimately narrowed his options to increases of $3,000, $5,000, or $7,000, leaning strongly towards $7,000. However, looking at the wealth of the alternatives which could have potentially bettered the university (e.g. possibly only raising tuition by $3,000, becoming a pioneer in the online industry, or even lowering tuition and remaining steadfast as a high caliber university offering more value to its prospective students), Cooper's decision was not solely confined to three pricing options. Therefore, just as important as Cooper's actual decision to raise tuition in order to improve Richmond's position within the hierarchy of higher education is to the case study, so are all of the potential proposed alternatives which were not implemented.

II. Economics of Higher Education

Up to this point, I have discussed the broad, national trends pertaining to the case study on Dr. William Cooper's leadership in 2004-05. Much of the previous section pertained to various shifts in the national economy, governmental involvement in higher education, and the public discourse about the past, current and future states of higher education. At the same time, much of the public sentiment is based upon a relatively misguided point of view about the microeconomic behavior of collegiate institutions, specifically how private universities act in the marketplace. The economics of higher education operates in some ways similarly to the traditional microeconomic theory of the firm, yet functions very differently in many other key ways. This section will illuminate some integral features of the higher education marketplace which will help clarify certain elements of Cooper's decision-making process. Two caveats: first, this account of the economics of higher education is entirely descriptive, describing how private universities actually act in the marketplace. Normative concerns, of how a firm/university ought to act, will be discussed later in the paper, in the evaluation of Cooper's decision in relation to greater societal trends beyond economics. Second, much of the section is based upon the arguments in Gordon Winston's article "Why Can't a College Be More Like a Firm," reconstructed in a manner to understand the forces influencing a university president in making financial decision for his/her institution.

A. Universities versus Traditional Firms

Initially, a university and a traditional firm both exhibit some common economic features. The good or service supplied by an institution is the education provided to students. The demand is derived from the total number of students seeking a degree. The price charged for the education is the sticker-price, including the price of tuition, room and board, etc. The university has large fixed costs, such as academic buildings, laboratories, stadiums, as well as other variable inputs, like faculty, staff and students. Also, generally speaking, the main goal of many corporate leaders is to ensure the long term sustainability of their organization. College presidents are no different, and such requires they ensure that their institution offers the best education available and that they maintain/enhance financial sustainability, two goals which are definitely not independent of each other. Beyond these simple commonalities, however, a university and a firm differ distinctively. The most clear and essential difference is that competition among universities seems to produce *higher* prices of the good, rather than reduced prices as in perfect competition. For instance, the average price of higher education increased by 31 percent from 2000-01 to 2010-11.[73] Other critical differences will be explained below.

B. University as a Non-Profit

First, the tax status of collegiate institutions merits explanation. Universities have a non-profit status and they exhibit certain behaviors of non-profit organizations accordingly. The first significant characteristic is the non-distribution constraint of a non-profit. Universities may make a profit, yet those net earnings cannot be distributed to shareholders since universities have none.[74] Instead, a university reinvests its net earnings in itself, accumulating wealth so long as a surplus of earnings exists. Henry Hansmann, in his article “The Role of Nonprofit Enterprise” classifies different non-profits by the manner in which they are financed and controlled. He considers a university finding the middle ground between both "donative" and "commercial" nonprofit organization.[75] A donative non-profit, like the Salvation Army, receives great financial support from donations and gifts by individuals which care about the mission and future sustainability of the organization.[76] Commercial non-profits, like many hospitals receive revenue by selling a product or service for a price.[77] A university receives revenue in both of these manners. As a result, "donative-commercial nonprofits don't have to charge a price that covers their production costs."[78] Therefore, due to their specific nature as non-profit universities, universities can price themselves in a manner entirely different than that of the traditional firm. I will return to this topic, after a discussion of student demand and educational quality.

C. Student Demand, Selective Admissions and Educational Quality

Remember, too, that offering the highest quality education is a priority for university presidents. There is great demand for an education, especially an education from a prestigious institution. Since wealthy schools tend to offer higher quality educations, or at least better perceived quality, hordes of students aspire to attend these schools. For example, there are currently over four million students enrolled in private, four-year colleges.[79] In 2011, nearly 30,500 prospective students applied to Harvard University, generally considered the top university in the nation.[80] Harvard, like many other schools does not accept all applicants, but only those who they consider the absolute best of the best. In 2011, Harvard accepted 2,100 students, 6.2 percent of total applicants.[81] The selectivity in the admissions process creates excess demand, upon which universities like Harvard capitalize to maintain superlative student quality.

Wealthy universities, like Harvard, are compelled to control their size, and not expand as a traditional, successful firm would, for they can build institutional reputation by increasing the amount of resources provided to each student and by only selecting the absolute best students. A typical firm increases its quantity supplied to match increased demand and spreads its cost across more units of output, in order to reach economies of scale. Yet, if universities were to expand, accept additional students, and lessen their selectivity, they would spread their current resources, like faculty and endowment earnings, over more students, potentially sacrificing educational quality. Educational quality is built by offering *more* resources per student, such as increased faculty-student ratios, and such is accomplished by increasing overall wealth, not just by "expanding sales."[82] So, schools build and uphold educational quality through admissions selectivity in order to create excess demand and, in turn, maximize expenditures per student, rather than acting as a traditional firm would and increase enrollment for the sake of more tuition revenue.

An equally critical effect generated by selectivity and excess demand is the educational quality built by only admitting the best students possible. Student quality is integral to the "product" that is a higher education. Though students are a university's customers who purchase the good, they doubly serve the role as an "input" in the "production process" of the good; this is the unique "customer-input technology" component of the higher education market.[83] High student quality is imperative for universities. Peer effects powerfully affect the university's production function, and schools do as much as possible to cultivate and solidify the existence of these positive effects. Students learn from their professors *and* from each other. As touched upon before, when intelligent students attend school with other intelligent students, academic outcomes increase for all students. When students' peers achieve great things after graduating, it also reflects greatly upon all of the other students who graduated from the same university. Also, when schools have such excess demand, they can choose students with specific qualities, such as artistic ability, athletic ability, socioeconomic backgrounds, etc., building a diverse student body, which even further increases academic outcomes for all students.[84] The peer effects so prevalent on universities everywhere incentivize enhanced selectivity in admissions, for selectivity enables a university to both select the best students and spend the most educational resources per student possible.

D. Uncertainty: The Nature of the Good

Other forces underlying the "customer-input" production technology also deserve further attention. Some of the influence again comes from a university's not-for-profit status. In traditional economic theory, consumers can make reasonable estimates of the products and prices offered by different firms. If a person is purchasing a toaster, information is readily available to that individual about many firms which offer toasters for many different prices. Sometimes, due to the nature of the product or the circumstances pertaining to the purchase of the good, consumers may not be able to evaluate suitably the product or service. Non-profit firms typically emerge in these markets with imperfect information.[85] Higher education is an investment in human capital which has an extreme level of uncertainty.[86] The customer is ill-informed of the true return on investment. Economically, the student invests in greater lifetime earnings as a result of the education, but the level of those earnings depends on numerous variables.

Uncertainty greatly influences the consumer and in turn, the university's production technology, as does the fact that the consumer is making an irreversible decision. If an individual buys an inferior pair of jeans, the next time the individual can just purchase a better pair. The purchase of an education, on the other hand, cannot be "reversed" in the future. Gordon Winston likens higher education to a cure for cancer and claims that since "people simply don't know what they're buying…there's a strong tendency to…play it safe and buy what everyone considers 'the best.'"[87] Therefore, students need to look to various metrics to quell this uncertainty. One chief indicator, though, is price.

E. Pricing of a University

The pricing of a collegiate institution plays greatly into the two major goals of financial sustainability and educational quality. The pricing decision is both a financial accounting decision, based upon projected revenues and expenditures, and a marketing decision to position the university correctly in the marketplace.[88] The price signals academic quality to prospective students. Due to the nature of the good as an uncertain investment, a student makes the inductive leap that a more expensive education from a highly selective school probably offers more financial resources per student, leading to a better education and a better future return on investment; hence, price indicates better quality. So, a high quality institution prices itself in relation to other high quality institutions to further that message. Some colleges care about perceived quality, too. Since price advertises quality, lesser quality universities may also price themselves with top colleges, in order to be seen as offering a high quality product and to increase wealth to make that perception a reality. But, those universities eventually have to support that price perception by actually delivering a quality education; not doing so would eventually lead to an unsustainable price in the market.

Returning to Winston's discussion about the unique pricing capabilities of "donative-commercial" non-profits, universities support their quality of education with significant sources of wealth.[89] Some schools manage to do so solely with tuition revenue, but other schools receive large amounts of other resources such as gifts and endowment wealth. Since quality partially drives the price, colleges can use the returns from their accrued wealth (as well as from federal and state governmental subsidies) in order to fund their costs. The idea of "cost" is commonly misconstrued. The cost of an education is what a specific university spends to educate the student, whereas the price of the education is what the student actually pays. The "subsidy," the difference between price and cost, is what is funded by the school's other means of wealth. This pricing mechanism is the reason colleges are disincentivized to expand enrollment past a certain point, for each additional student's tuition revenue comes at an even *greater* cost. Greater cost leads to a smaller pool of wealth from which tuition subsidies originate. For this reason, institutions practice selectivity.[90]

To further this distinction, imagine this pricing methodology occurring in a traditional marketplace. A stereo shop owner sells a stereo worth $200 dollars to a customer for $80, making up the $120 difference with funds earmarked towards lessening the burden of stereo sales from the local town government and interest from the stereo shop's savings account. Better yet, imagine if a university priced its good as a traditional firm does. Sticker-prices would certainly receive much more scrutiny than they already do. If the University of Richmond in 2013-14 priced itself as a firm, then its sticker-price would have to at least cover its average cost per student of $78,253, a figure well above its sticker-price of $55,590.[91] Thus, unlike the traditional pricing and profit formula in microeconomics, the pricing formula in higher education is:

STICKER PRICE = COST – SUBSIDY

F. The Subsidy and Financial Aid

Now, one important thing to note is that a university provides a subsidy to *all* of its students, and not just students with less fortunate financial backgrounds. Every student pays less than the average cost per student; yet, some students pay even less than that, receiving an even greater subsidy. Subsidies are what permit a university to increase access to all segments of the population via price discrimination. Universities lessen individuals' sticker prices through a financial aid formula specifically according to certain students' abilities-to-pay, eventually finding the market-clearing price for all. The subsidy leads to the idea of the net tuition of universities. Net tuition is a key indicator of an institution's affordability. Since tuition subsidies are increased for less wealthy individuals, net tuition varies greatly in reference to the varying financial backgrounds of matriculated students.

Moreover, since many people cannot afford the cost of a university by itself, the existence of this subsidy, derived from endowment returns, private gifts, reallocated tuition revenues, federal and state subsidies, etc., is necessary. One can then deduce that the wealthier the school, the greater the subsidy the school can offer its prospective students, since their annual earnings are simply larger. As the ability to offer a greater subsidy increases, the school then potentially becomes much more affordable to *all* segments of the population, because of the potential financial aid mark-down. Additionally, schools can also use the tuition of wealthy, full-paying students and reallocate a certain amount of that revenue to offer an even greater subsidy for lower-income students. Therefore, a combination of endowment and tuition revenue supports generous financial aid programs. So, due to the workings of the market, wealthy, well-endowed universities can raise their price of attendance, in order to offer the greatest subsidies possible to their students, in order to increase access by means of affordability.

Similarly, the ability to offer a large subsidy influences the type of financial aid a school can offer. The more wealth a university possesses, the more freedom a university has over the composition and the application of its subsidies. Schools with enough financial flexibility can offer need-blind admissions to students, which too communicates positive messages of affordability to consumers. Need-blind aid signals that no matter your financial background, the school possesses enough funds to make your education affordable upon admission. Catherine Hill, Gordon Winston and Stephanie Boyd, in their study "Access: Net Prices, Affordability, and Equity At A Highly Selective College" measure net tuition prices across all income quintiles at Williams College, an institution representative of many of the highly selective, wealthy colleges able to offer large subsidies to its students. They attempt to measure, while tuition price levels keep increasing, whether net tuition levels maintain affordability for students from all income backgrounds at the most expensive schools. They conclude that the answer to the question, "Can a highly able low income kid reasonably aspire to go to an expensive and highly selective college?" is clearly "yes."[92] They prove a key characteristic of the market for higher education. Not only are the wealthiest, most selective, highest quality schools the most expensive, but they are also the most affordable for middle and low-income students! Wealth drives affordability.

One can see that the financial aid practices of the wealthiest schools facilitate affordability for all potential students. As a result, it would seem that a paradox of access is created within these schools. Students, from any financial background, have the opportunity to attend a university like Harvard or Princeton without the constraints of affordability. The subsidy offerings widen the pool of applicants with the best ability, increasing the student demand for the more affluent schools which can offer a greater discount. Yet, at the same time, stringent selectivity practices exponentially decrease any one student's likelihood of actually attaining education from a school like Harvard or Stanford. Again, the total wealth a school possesses proves to be so vital to all things relevant in the market for higher education, such as excess student demand facilitating increased selectivity, superlative educational quality, and lucrative financial aid packages to mitigate the high sticker-prices for all capable students, if necessary.

As a result, subsidy management is crucial for universities. Even the wealthiest schools, like Harvard and Yale, which have respective endowments of $31.7 billion and $19 billion, continue to rigorously manage their finances.[93] Less wealthy schools need to more carefully balance the amount of full-paying students admitted with subsidy-receiving students, in order to efficiently reallocate tuition revenue to offer greater subsidies for all students. They do so through rigorous enrollment management, prudently calculating admissions yield in order to accurately project tuition revenues.

G. The Arms Race in Higher Education

Likewise, referring to the "customer-input technology" concept prevalent in higher education, universities ardently compete amongst each other over the quality of their inputs. This pressure from the competition leads to a pressure to increase expenditures, so long as it is financial feasible (which is usually the case for the wealthier schools). Colleges strive to offer the best faculty and facilities in order to attract the best students, and then strive to possess the best faculty, facilities and students in order to continue attracting the best students. This perpetuating practice is referred to as the "arms race" in higher education. Winston, in his article, "The Positional Arms Race in Higher Education" explains the phenomenon as having "no finish line that indicates success. It is a continuing process that can be ended only by ending the process itself."[94] While maximizing expenditures on academic endeavors integral to attracting superlative students and faculty, schools tend to also spend greatly on other aspects of campus life. Universities build more deluxe dormitories, enrich campus dining options and increase leisure opportunities for students, which may better satisfy consumer preferences, but critics declare as unnecessary luxury expenditures.[95] McPherson and Winston claim "cost is a problem in private higher education because student demands matter too much.[96] Yet, in order to separate themselves from competitor schools, universities rack up expenses and cater to these "student demands."

The ranking systems are some of what drives this arms race of ever-increasing spending by which schools compare themselves to each other. The *US News and World Report* ranking system, the most renowned, is one way in which schools assess themselves against the competition by means of student quality, selectivity, prestige, and educational quality. It gives validation to the market competition and gives schools the ability to annually benchmark themselves against others. Not only that, but the ranking systems give feedback to the students who are making that uncertain, irreversible investment in their own human capital. Thus, ranking systems confirm the quality of the school to other schools as well as the customer-base, the students.

Monks and Ehrenberg study the effects of the *US News and World Report* rankings on academic outcomes. They find that an increase in rank (e.g. moving from first to third) leads an institution to accept more applicants, at a less favorable (larger) rate, resulting in an admitted class of lower student quality (lower average SAT scores); a dire consequence for any institution within this marketplace.[97] Monks and Ehrenberg confirm that ranking systems matter a great deal to both schools and students. Students want to go to the best school possible, by means of ranking. Schools want the best students, so they need to maintain or better their ranking. In order to improve their ranking, it typically involves an increase in expenditures. Therefore, the arms race phenomenon is a widespread effect in the economics of higher education, which definitely contributes to the continually increasing prices within the industry, by means of continually increasing costs.

H. Hierarchy Model of Higher Education

All in all, the common denominator of all these significant features of the higher education marketplace is the amount of wealth a university possesses, through endowments and gifts, tuition revenues, federal and state subsidies, etc. As a result, the economic structure of higher education is considered a “hierarchy” of wealth.[98] The schools on the top of the hierarchy are the wealthiest schools charging the most, granting the greatest subsidies for its students via the most generous financial aid packages, implementing the most selective admissions policies, admitting the highest quality students and ultimately offering the best educational quality. Schools in the middle of the hierarchy, those with moderate wealth, find themselves dependent more upon tuition revenue and limited in their subsidy offerings, thus they are constrained by extensive enrollment management. At the bottom of the hierarchy, are the schools with excess supply, fighting just to find paying students willing to attend their institutions.[99] In order to survive and thrive in this hierarchy, schools need to find ways to climb into the higher tiers, by either increasing overall wealth, bettering the quality of the education offered, or a multifaceted combination of both. In this entire section, great focus was placed upon the wealthiest of schools because they are the market leaders. Winston refers to these schools as the “winner-takes-all” schools, for their wealth directly influences their prestige, selectivity and student quality, which, in turn, continually builds more and more wealth.[100] The more wealth a university enjoys, the easier it is to obtain better student quality. The better quality of students enrolled at the school, the easier it is for the school to maintain its wealth over time. Thus, all schools strive to be on top of the hierarchy of higher education and constantly seek creative ways to rise there. This fact of life in the economics of higher education will be most useful in the evaluation of Dr. Cooper’s decision.

I. Conclusion

In conclusion, there are unique and complex macro- and microeconomic influences on a university. Notice how on a macro level the wealthiest schools appear the least affordable, while on a micro level they are actually the most affordable. A college president wants to better the quality of education offered by his/her university and strengthen the sustainability of his/her university's financial position. Within the higher education marketplace, the university needs to recognize where it is amongst the overall hierarchy, in relation to its competitor schools. The main metric of determining a university's position in the hierarchy is wealth. In order to better the product offered the university needs to secure and build upon its wealth by increasing tuition, receiving more donations, or both. Just as important is the quality of education offered by the school, built through admissions selectivity, which allows the school to admit the highest quality students possible and to maximize the amount of wealth spent per student. By doing so, the school increases the potential subsidy offered to all its students, subsequently increasing accessibility to the institution, solidifying a diverse, highly-able student population.

Reflecting on the inner-workings of the market, one now has an arsenal of questions to ask in order to fully evaluate Dr. Cooper's decision. What was the position of Richmond in the higher education marketplace? How much was tuition and how large was the endowment? Was there any potential of a large donation in the future? How many students were applying to the university, what was the overall quality of those students, and what was the acceptance rate? What was the general financial background of the students and how diverse were incoming classes? What did Richmond's financial aid program look like and was it fully need-blind? What was the overall expenditure level of the university and did it plan to increase in the future? Who were Richmond's competitor schools, and how did they compare to Richmond among all of these considerations? Now that we know the economic framework, we can ask the important questions about Cooper's tuition increase decision. We now can also assess the institutional effectiveness of the decision, by answering these questions.

III. Context of the University of Richmond

Up to this point, this chapter has narrowed its scope from the larger, societal forces influencing the higher education industry to the unique complexities of the higher education marketplace. It is time now to further focus upon some specific contextual elements of the University of Richmond that relate to Dr. Cooper's leadership in 2004-05. Integral to Dr. Cooper's decision to increase the university's tuition are several historical occurrences that shaped the university's cultural anatomy and financial composition in the early 2000's. Similarly, certain trends within the tenures of the former University of Richmond presidents influenced the leadership of Dr. Cooper, both directly and indirectly. I will discuss both of these topics through a brief history of the University of Richmond.

A. Brief History of the University

The University of Richmond was founded in 1830 as the Virginia Baptist Education Society by the Baptist General Association of Virginia as a preparatory institute for young men desiring to become ministers at Columbian College in Washington D.C. Ten years later, after the addition of a literature department, the school was chartered as the Baptist seminary, Richmond College. In its early days, the school struggled with some financial woes and at one point invested all of its funds in Confederate war bonds – becoming bankrupt after the Civil War. The school reopened in 1866 after a $5,000 donation by a trustee. In 1894, the college elected Dr. Frederic W. Boatwright as president, a man who would serve the university for 51 years until

1945. In 1914, his most notable and evident accomplishment was raising the necessary funds, with the help of donors like J.D. Rockefeller, to move the college from its original location in the city of Richmond to a new 350-acre campus located outside of the city. At the same time, he founded the Westhampton College for women, creating the University of Richmond's coordinate college system that still exists in 2014. President Boatwright was said to have "worked diligently and with remarkable success in leading Richmond College from antiquated methods and relatively low standards to high levels of achievement among institutions of learning"[101] The school truly began to thrive under the tenure of President Boatwright.

Years later, in 1969, one of the most pivotal events at the University of Richmond occurred. E. Claiborne Robins, the Chief Executive Officer of A.H. Robins, Inc. and a Richmond alumnus from the class of 1933, donated roughly $50 million to the university. The gift consisted of $40 million in the form of common stock in the A. H. Robins Company and an additional $10 million earmarked as a challenge gift for matching funds to be raised by the university over the next ten-year period.[102] H. Gerald Quigg, the university's Vice President of Development at the time, directed the successful matching effort, ultimately leading to a $60 million addition to the university's endowment assets.[103] Robins' donation is worth more than six times that amount in today's dollars, making it one of the largest donations to a university ever.[104] In addition to that one-time contribution in 1969, Robins and his family donated roughly $175 million to the university over his lifetime, markedly solidifying the financial position of institution.

Not only did "The Gift" evidently make the University of Richmond one of the wealthiest schools in the nation, it also significantly altered the leadership structure of the institution. In 1830, the Virginia Baptist Educational Society founded Richmond College, which evolved into the present University of Richmond. For roughly 140 years, the Baptist General Association of

Virginia nominated all members of the university's Board of Trustees. However, the status quo ended in 1969 since Robins' financial assistance was contingent upon the condition that the university's charter be changed to release the university from the sole control of Richmond's Baptist General Association. Following the amendment, only eight of the forty members of the board were to represent the Baptist General Board.[105] As a result, E. Claiborne Robins generated considerable financial possibilities for the institution *and* noticeably altered those involved in the realization of Richmond's newfound potential.

Before the tenure of Dr. Cooper, two other presidents with tenures of significance were Dr. E. Bruce Heilman (1971-1986) and Dr. Richard L. Morrill (1988-1998). Under each president, the school exhibited two common trends: fundraising and strategic planning. Bruce Heilman, as soon as he was named president of the university, embarked upon the "Our Time in History" campaign, pledging to raise $50 million in ten years. The campaign was completed in eight years and was oversubscribed by $4 million.[106] Several other campaigns were conducted before Dr. Cooper's tenure raising over $100 million. As a result, the 1970's and the 1980's saw a boom in the construction and renovation of numerous academic, residential and athletic buildings on campus, such as the Robins Center, the Gottwald Science Center, the Heilman Dining Center and the Tyler Haynes Commons. Also, the development of many scholarship programs still in existence today occurred, as well as the establishment of new professorships and chairs, amongst many other things.[107] Aggressive fundraising brought with it aggressive increases in university expenditures. As a result, the university prospered.

The trend of aggressive fundraising and generous giving, though, served as means to the end of the various strategic plans developed throughout Richmond's history. University leadership crafted several five- and ten-year strategic plans to guide the university towards a unified mission or a collective set of goals. W. Harrison Daniel in his *History of the University of Richmond* notes that "between 1969 and 1999...planning...was a never-ending process..." and it occurred almost to the university's detriment.[108] The university enacted several planning endeavors in the 1970's and '80's, some resulting in conflicting or overlapping goals and initiatives.[109] One strategic plan in the early 1980's recommended that the "university's enrollment…remain at approximately the current level to insure continuation of quality education; the admissions program would be broadened in an effort to recruit able students from wider socio-economic and geographic backgrounds; increase funds for need-based scholarships…" – all findings which should sound highly familiar after reading the previous section on the economics of higher education. One common theme found within the university's various planning initiatives was the improvement of the school's diversity and international focus.[110] A school which only admitted its first black student in 1970 progressed to having a minority student population of 11.6 percent in 1995.[111] Additionally, a shifting of resources towards developing a wide range of study abroad programs occurred in the 1980's and 1990's.[112] Overall, the school continually sought to become "the best university of its size and type in the nation."[113]

Reflecting on the historical trends of the two tenures previous to Dr. Cooper's, one can began to note how they could have influenced Cooper's leadership of the university. The university had a thirty-year pattern of continual fundraising and planning that Cooper had to uphold. We can ask then, how did the decision fit in with these enduring trends? Was the tuition increase a response to a lack of revenue from fundraising? Was the tuition increase independent from fundraising considerations and a separate part of Cooper's vision and plan? What was Cooper's vision for the university? Did Cooper's vision for the university notably share any considerations with those of the former presidents and was he better able to achieve these via a tuition increase? Again, these are among the pertinent questions to ask when evaluating Dr. Cooper's leadership. The important takeaways from the brief history of the university are its large levels of wealth, its straying away from its Baptist roots, its rich history of giving and alumni activity, its penchant for five- and ten-year strategic plans, its yearning for more socioeconomic diversity and, ultimately, its desire to be the best school of its "type" (whatever type that may be.)

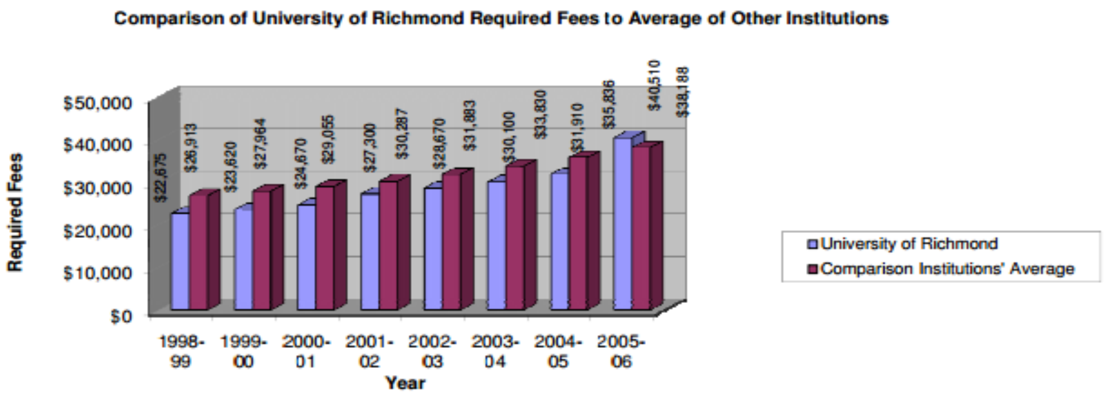
B. The Position of the University in Relation to its Competitor Schools

Reflecting on the historical trends of the University of Richmond, especially its affluent heritage of alumni activity and gift-giving, and taking into account the economic priorities of wealthy universities per the discussion in section two, it will be useful to examine Richmond's position in the higher education marketplace leading up to 2004-05. Dr. Cooper's decision to increase tuition revealed the obvious fact that he felt certain aspects of the *status quo* were insufficient and in need of improvement. As Dr. Cooper wrote in his own Richmond Times Dispatch editorial, in line with the mission of E. Claiborne Robins, he wanted "Richmond to be recognized as the nation's best small private university" and that in order to do so "we have looked upon best practices at our peer and aspirant schools. The intention, however, has never been to become like any of these schools."[114] Therefore, equally important to this discussion about Richmond's position are the various positions of its competitor schools. In the "University of Richmond's 2004-05 Fact Book," university leaders listed ten specific peer and aspirant schools against which the university benchmarked evaluated itself. The peer schools are Bucknell University, Furman University, Wake Forest University, Washington & Lee University and Wesleyan University, while the aspirant schools are Colgate University, Dartmouth College, Davidson College, Princeton University, Rice University.[115]

Initially, one must recognize the unique business model of the University of Richmond in the larger economic marketplace of higher education. The University of Richmond is officially classified a small, private, liberal arts institution. However, it is somewhat significantly unlike other liberal arts colleges with which it is grouped. The university is composed of five individual schools, rather than just one main college of Arts and Sciences. As a result, it must spread its pool of resources over five entities in lieu of devoting them all to the liberal arts. The University also generally has a larger enrollment, averaging around 3,000 students, than traditional liberal arts colleges, making high levels of selectivity harder to attain. Additionally, the school chooses to support a Division-I athletic program, another area of great expenditure. At the same time, the University of Richmond is very unlike certain larger, research universities with which it competes due to its liberal arts status, enrollment size, number of graduate and doctorate programs offered, etc.[116] The university thus finds itself having a complex and unique identity, making it more challenging to compare, at least rankings-wise, against many other schools in order to officially be "recognized as the nation's best small private university."[117] The University of Richmond does not fit easily into one definitive, institutional classification.

The uniqueness of Richmond's business model also necessitates distinctive choices in the University's tuition planning. During Cooper's tenure, aside from 2001-02 when the sticker-price increased by 12 percent, the university consistently increased its sticker-price by five percent annually, roughly double the rate of inflation.[118] In the academic year of 2004-05, the University of Richmond positioned itself as a "best value" institution in comparison to other high-priced, small, private universities, charging $26,520 for tuition and $31,910 overall. The

University of Richmond was definitely underpriced compared to its peer and aspirant schools. When examining its ten declared competitor schools, Richmond was steadily below their average sticker-price until 2005-06 when the 31 percent tuition increase was implemented, as seen by the graph below:



The University of Richmond's endowment in 2004 was roughly $1.1 billion, the 42nd largest endowment in the nation. Though dwarfed by certain prestigious institutions' monstrous, multi-billion dollar endowments, of the ten peer and aspirant schools against which it measured itself, Richmond's endowment was fourth largest and first among the peer schools. The university's endowment per full-time, undergraduate student also was fourth among the ten schools, amounting to $369,422.[119] During Cooper's tenure the endowment hovered around roughly $1 billion consistently.[120] In 2003-04 and 2004-05, the endowment had increased by roughly 10 percent each year, exhibiting positive signs of growth. Although the university's endowment was sizeable, it accounted for only 27 percent of the institution's total operating budget.[121] The operating revenue of the university in 2004-05 was roughly $158.5 million, and expenses totaled to $150.2 million.[122] Net tuition revenue, the amount of revenue after accounting for financial aid and scholarship discounts, totaled to roughly $69.6 million, 44 percent of the school's total operating revenue.[123] Clearly, despite the magnitude of the endowment, in 2004 the University of Richmond was still relatively dependent on tuition revenue.

In addition to revenue from the endowment and tuition, the University of Richmond also receives a decent portion of its revenue from gifts. As stated previously, one must again note that Richmond has a rich history of alumni giving. In 2004-05, the university received roughly $18.9 million in gifts and grants, a figure which was 13 percent of total expenditures.[124] There were several unsettling trends in advancement during Cooper's presidency. First, in the eight years leading up to 2004-05, both alumni donative participation and alumni gifts had decreased. In 1997-98, 39 percent of alumni donated to the university and alumni gifts totaled to $12.5 million dollars.[125] In 2004-05, only 28 percent of alumni donated and alumni gifts totaled to $4.6 million dollars – an eight million dollar difference in eight years.[126] The average alumni gift had dropped from $1,379 in 1997-98 to $515 dollars in 2004-05.[127] Though one must recognize that there was a recession in the early 2000's as a potential cause of the dip in donations, one must also realize that Richmond had the lowest alumni donative participation rates of its competitor schools. There were some favorable trends, however. By 2004-05, corporate gifts totaled $5.4 million, a figure had increased by over 500 percent from 1997-98. Gifts from friends/parents had also doubled over the same timeframe, reaching $4.7 million in 2004-05.[128]

Furthermore, as has already been established, the University of Richmond was a wealthy school which offered an education of great value. Such was evident not only by its underpriced tuition levels, but also through its financial aid offerings. In 2004, the school granted a total of $58 million in financial aid, a $23 million dollar increase from 1998, the first year of Dr.

Cooper's presidency.[129] At the time, Richmond was aiming to financially solidify its policy stance of being one of fewer than forty institutions in the nation that was both need-blind in its admissions review of potential students and guaranteed need-based aid to meet the full, demonstrated need for qualified undergraduates.[130] 65 percent of Richmond students received some sort of financial aid to attend the university.[131] Of its ten main competitor schools, only Rice, Princeton, Davidson and Dartmouth could offer the same generous policies of need-blind admissions and meeting full, demonstrated financial aid as the University of Richmond.[132] In fact, even today only forty-five schools in the nation have the ability to offer a financial aid policy of this nature.[133]

Aside from tuition levels, endowment size, alumni giving levels and financial aid policies, another way to determine a university's official position in the marketplace is through the various ranking systems, most notably *US News and World Report*. As of 2014, the school is rated against other national liberal arts institutions in the *US News and World Report* rankings. However, in 2004 the university was at a severe competitive disadvantage in the rating system. The university was only ranked as a regional institution, and not under a national university or national liberal arts classification. Regional colleges have a distinct undergraduate focus, but only draw students from the surrounding areas and grant fewer than half their degrees in liberal arts disciplines.[134] Though at the time the university was the number one school in the southern region, it lacked the national standing which all of its ten competitor schools received. The university was not obviously lacking in the key criteria of the traditional ranking systems, in selectivity and student quality (via SAT scores). However, if the university sought to become one of the country's finest, private institutions of its size, it needed to act in some way to attain even more esteem nationally.

Finally, certain features of the University of Richmond's enrollment are contextually relevant to Dr. Cooper's decision. First, in 2004-05, the university admitted 41 percent of its 5,780 applicants, resulting in a yield of 775 students.[135] The university had become more selective than years beforehand, when in 1995 the school admitting 55 percent of its applicants. But, universities pride themselves on selectivity and the fact that in 2004-05 the university's acceptance rate was tied for the second highest of its competitor schools revealed a definite area of needed improvement.[136] Applications were not necessarily on the rise either. From 1997-98 to 2004-05, the number of applicants generally fluctuated between 5,700 and 6,000, showing no real signs of future increase. However, the quality of admitted students was increasing during Cooper's presidency. The SAT middle 50% range for both men and women increased from 1200-1330 in 1998 to 1260-1380 in 2004.[137] Moreover, in 2004-05 university possessed a 12 percent minority and foreign student population, a significant increase from a 6 percent representation of minority and foreign full-time undergraduates in May 1991.[138] Historically, diversity was lacking at the University of Richmond, but at the same time its improvement was a priority for university leaders. In 2003, the University issued the Common Ground Commission in order to improve diversity and multiculturalism on campus. Both admissions and the campus community were focused upon making the University of Richmond a more diverse institution and during Cooper's tenure the school was definitely making progress, with more to be had in the future.

All in all, during Cooper's presidency up to 2004-05, the University of Richmond was definitely improving its position in the higher education market. The school had its market niche as an underpriced, best value institution (which it would soon abandon). The university enjoyed a competitive advantage with its endowment wealth and generous, need-blind financial aid policies. The university faced some competitive obstacles such as its unique, five-school business model (which is not necessarily an obstacle) and its regional ranking. Also, the university showed some areas for improvement in advancement, admissions selectivity, student quality and diversity. What is important from this section is that we now have an institutional baseline by which to compare the trends after the tuition increase in order to notice the true effects of the tuition increase on the key areas of the University of Richmond.

C. Shared Governance

After taking note of the competitive position of the University of Richmond in relation to its competition, one last contextual element which factors greatly into Dr. Cooper's decision is the concept of shared governance. Shared governance is the name given to the formal leadership configuration and decision-making process of an institution of higher education. Whereas typically a corporation is run in a very top-down manner, with the Board of Directors, the Chief Executive Officer and other high level executives making decisions which are then imparted to the rest of the organization, universities typically make decisions in a much more collegial and participatory manner from all levels of the university. Shared governance can be described as "a delicate balance between faculty and staff participation in planning and decision-making processes."[139] It involves parties such as the governing board, the president, other top officers, administrative and academic leaders, varying number of faculty, and even students in some instances with key decision-making processes. Additionally, authority is differentiated and spread across many facets of the university hierarchy in specific areas for decision-making. It is widely understood that broad participation in decision-making increases the level of employee investment in the institution's success and improves productivity in organizations. In higher education, due to the high turnover rate of top administrators, the faculty and staff are often in the best position to provide the institutional history so valuable to institutional planning.[140] Thus, university governance is a much more collaborative venture than the governance of other institutions.

However, the leadership construct of shared governance presents different challenges to a university president than to leaders of other types of organizations. Richard Morrill, in his book *Strategic Leadership*, claims that "the most influential analyses of the college presidency conclude that it is structurally weak in authority beyond whatever strengths and talents a given individuals may bring to it" and that "university presidents operate from one of the most anemic power bases in any of the major institutions in American society."[141] Since shared governance spreads decision-making power across several organizational tiers, the university president must be sensitive to each of these decision-making agents or constituencies in a key decision-making process. The president is wedged between a governing board with ultimate legal authority and the constituencies beneath him or her which also have significant power and a structural expectation of consultation. The executive independence that a typical chief executive enjoys, a university president may yearn for. What's more, many individuals still view a university president in the same manner as a traditional executive in the realm of accountability. Presidents are held responsible for decision or events over which they have little authority and control. Whereas such is a common complaint of many individuals who hold positions of authority, the disparity between responsibility and authority for a university president is much larger than that of a typical executive.[142]

The discussion of shared governance is the final and possibly most important contextual piece needed to evaluate Dr. Cooper's decision. Dr. Cooper needed to garner support from multiple levels in the university, not just the governing board as a corporate executive would have to do. Increasing the tuition of the University of Richmond by 31 percent and changing the institution's image from a "best-value" to a "price-leading" market player is most definitely a key institutional decision. The shared governance system is the institutional maze through which Cooper had to advance his vision and his plan for the University of Richmond. The degree of dexterity with which Cooper navigated through the University of Richmond's system of shared governance will be extremely exciting to uncover and assess. His methods of communication and persuasion which he applied on each level to each essential constituency are extremely important. Who were the key constituencies in this decision-making process? How did he create buy-in for such a large decision? Did he neglect any constituency in the decision-making process? How congruent are the theory and the practice of the system of shared governance at the University of Richmond? Is the power base of the Richmond presidency as anemic as Morrill attests, such that Dr. Cooper possessed enough individual, executive competence to enact such a groundbreaking decision? The shared governance conversation finally provides us with a tangible leadership context to both understand and benchmark Cooper's leadership. These questions, and more, will help to finalize the discussion of whether Dr. Cooper's decision was an exhibition of good leadership.

Chapter Two: Case Study on Dr. William Cooper's Decision

I. Narrative of the Decision

A. Visions of Previous Presidents

As stated previously, the main institutional goal of the University of Richmond, distinctly beginning in 1971 with the Presidential appointment of Dr. Bruce Heilman, was for the university to become "the best, small private university in the country."[143] That specific goal did not stray from the forefront in any of the terms of the three major Richmond presidents from 1971 to 2006 (excluding Dr. Samuel Banks who served a brief one year term from 1986-1987). The goal was consistent with that of a traditional nonprofit entity. This institution of higher education sought to become the best at what it offers to its constituents, a top quality liberal education. The additional distinction of "best, small private university" clarifies the goal even further, narrowing Richmond's scope of competitors by which the university will compare itself, and further delineating other contingent priorities, such as selectivity, student-faculty ratios, endowment per student, etc. specific to this type of institution. Additionally, equally as important to a leader's vision and goals is the manner in which he implements his/her goals. The means by which these three men went about moving the university towards this common end definitely differed, each building upon the accomplishments of his predecessors and then taking his own approach to bettering the institution. A broad run-through of Dr. Cooper's predecessors will help illuminate his leadership during his tenure.

Dr. Bruce Heilman was an excellent fundraiser, known for orchestrating "The Gift" from E. Claiborne Robins at the commencement of his presidency, conducting many extremely successful capital campaigns for the university, building many of the beautiful academic buildings on campus, and truly laying the financial groundwork for the university to flourish throughout the end of the century. On Tuesday, February 4, 2014, I had the privilege of sitting down for breakfast with Dr. Heilman and he revealed much to me about his vision for the institution and his accomplishments during his presidency. Upon his arrival at the University of Richmond in 1971 from Meredith College in Raleigh, North Carolina, the school was poorly endowed, faculty salaries were too low, the financial aid budget was poor, the grounds were in disrepair and the university was not portraying itself in the appropriate manner to convey itself as the "best university of its type."[144] Dr. Heilman determined that his organization needed financial resources most at that point in time. Today he still asserts "money is the essence" of how a university operates; in order for the University of Richmond to attain its lofty goals, it needed a much firmer financial backbone.[145] Once the university began to accrue more wealth through Dr. Heilman's relentless fundraising efforts, it could begin to act accordingly in order to portray a better image of prestige and educational value to its consumers *and* competitors. Dr. Heilman knew the importance of both the perception and the reality of quality in the higher education marketplace. He too implemented several fairly large tuition increases during his tenure, and also devoted a large amount of his accrued resources into structural additions and improvements to the university.[146]

Generally, Dr. Heilman's leadership style, especially in the fundraising domain, seemed to be of a very relational nature, finding his way into the pockets of alumni and corporate donors through warm, good-natured charm and quick wit. One especially telling quote that exemplifies Dr. Heilman's approach to the presidency was, upon hearing of the potential $50 million donation from E. Claiborne Robins, Dr. Heilman reflected fondly, with a twinkle in his eye, saying "any man who is willing to give $50 million to a university must have a lot more to give."[147] Dr. Heilman also mandated active participation from his constituents; even expecting his Board of Trustees constantly to contribute financially– or else he would move to replace you with another more freely spending individual. Yet, Dr. Heilman also knew institutional wealth was still a means to an end, the end of becoming “the best, small private university in the country.” By the conclusion of his term in 1986, he had helped solidify the endowment of the university to an unprecedented level (for the University of Richmond), doubled faculty salaries and heightened the campus exterior into something of enviable beauty – piloting the University of Richmond into the right direction towards attaining its ultimate goal.[148]

Also, on February 3rd, 2014 I had the honor to speak with Dr. Richard Morrill, Dr. Heilman’s successor as President at the University. Dr. Morrill also recognized the significance of improving the university’s financial position. Fortunately for him, during his presidency from 1988 to 1998, Richmond’s endowment wealth grew relatively organically from roughly $200 million to roughly $800 million, mostly due to the influence of the Robins family as well as positive market forces and the fundraising culture developed by Dr. Heilman.[149] The university enjoyed almost no deferred maintenance at the time, either.[150] Since the university’s wealth grew exponentially before and during Dr. Morrill’s tenure, Dr. Morrill could place emphasis on his special area of leadership expertise, strategic planning. Through careful, deliberate, and strategic action-steps and goal, Dr. Morrill directed the institution towards improvements in many other facets, since “the University of Richmond’s financial position [was] rock solid…and able to sustain [such an increased] level of educational investment.”[151] As stated previously, he placed great emphasis on expanding financial aid, increasing diversity, and attracting higher quality students to attend the university. Another initiative of his, a testament to his strategic and integrative leadership style, involved joining the academic and administrative governing bodies together to a greater extent. He developed the “Planning and Priorities” Committee, a strategic planning and budgetary subcommittee comprising faculty and administration members that reviews and shapes the university initiatives.[152] Though it was not a groundbreaking alteration to campus operations, the committee would serve to unite both factions of university governance in many future decision-making processes, including those involving substantial tuition increases. Dr. Morrill conceptualized this body as helping to maintain a university ethos of a strong liberal arts education merged with the administrative realities of cost-effectiveness. Ultimately, Dr. Morrill aimed to increase the academic quality of the university through strategic and disciplined planning that maximized the potential of the university's endowed wealth and diverse revenue streams.

B. Dr. Cooper's General Vision

In 1998, the university appointed Dr. William Cooper as president. Dr. Cooper made known his ambitious aspirations for the University of Richmond and became recognized for his penchant for change. I had the pleasure of sitting down to speak formally with Dr. Cooper on February 17th, 2014, in addition to corresponding with him on several other occasions, and much of the information surrounding the decision comes from him firsthand. Upon his arrival at the university, the Board of Trustees urged him to adopt a plan to transform Richmond into a "Williams-plus" university, an interesting re-articulation of the university's enduring goal of becoming the "best small private university of its type"[153] Together, Dr. Cooper and the Board of Trustees sought to become the nation's highest quality liberal arts university, like Williams College, while maintaining the relatively larger size and more complex academic composition of the University of Richmond. Dr. Cooper immediately recognized the mismatch between the university's financial model and its long-term goals of becoming "Williams-plus" or a "Swarthmore-plus."[154] Liberal arts institutions such as Williams or Swarthmore benefit from their smaller enrollment size and a long history of wealth and academic excellence. As a result, these schools possess the privilege of greater per capita resources. For Richmond to attain a similar level of resources, it would have to downsize to match the enrollment size of its aspirant schools (which would decrease revenue accordingly) or seek to increase revenue elsewhere.[155] Dr. Cooper realized that if he were to attain the University of Richmond's lofty goals, he absolutely needed to adjust the university's current financing model and greatly increase the revenue streams into the university via fundraising, tuition and room and board, amongst other things.[156] Dr. Cooper, from the onset, clearly saw what he wanted the university to become under his leadership. He just had to find the financial means in order to achieve his goals.

From the start, Dr. Cooper set forth on a two-year process to create and implement a ten-year master strategic plan, a formal articulation of the manner in which he would turn the university into a "Swarthmore-plus" university. Its "guiding design feature" was "the primacy of student learning;" improving institutional academic quality was one of Dr. Cooper's primary objectives.[157] He also declared the strategic plan would include a "few carefully chosen, bold initiatives" for faculty hiring, admissions, financial campaigns and student life, amongst many other secondary objectives.[158] Though he recognized the need for increases in revenue in order to reach long-term goals, some of his first steps at the University actually pertained to streamlining expenditures. He notably eliminated the position of Provost upon the former Provost's retirement as well as the school's Graduate Education Program and Health and Sports Sciences Department.[159] He also aimed to increase the number of Friday classes since he felt current academic operations resulted in too much unused capital.[160] Many of these initial achievements he attributed to a "nimble" and "lean and effective administration" which made change easy to attain, a testament to the strategic efforts of his predecessor Dr. Morrill.[161]

C. Dr. Cooper's Vision: 2000 Strategic Plan

The 2000 Strategic Plan, begun on January 6, 1999 and formally approved by the Board of Trustees on May 12, 2000, serves as an effective indicator of Dr. Cooper's vision for the University of Richmond.[162] The introductory portion of the 2000 Strategic Plan was particularly indicative of Dr. Cooper's overall approach to his presidency, stating that "Richmond's strengths are exceeded only by its aspirations."[163] The plan had three core ingredients: "People, Programs and Resources."[164] The first element pertained to the recruitment and retention of the best possible students, faculty, and staff. The second element sought the development of innovative, cohesive programming designed to facilitate integration among Richmond's diverse set of schools and departments and broadly create new interaction among students and faculty, through new research initiatives. The third element was chiefly financial, aiming to generate the resources to achieve the first two aims, build the necessary infrastructure for the implementation of new programs and further enrich the impressively picturesque exterior of the campus in order to inspire the creativity of all those working at or connected to the University.[165]

The 2000 Strategic Plan contained seventeen core objectives for the advancement of the University pertaining to "people" and "programming." To narrow the scope of this section, since the 2000 Strategic Plan itself is a comprehensive 70-plus page document, I will describe the few initiatives which would be most closely associated with the funding from the tuition increase in 2005. First, pertaining to "people," the University sought to "recruit and retain a diverse community of the most creative, academically focused students."[166] This objective would be attained through several steps, most notably by "providing additional need-based aid to students from diverse backgrounds" and granting more "full-tuition scholarships to multitalented students with outstanding academic records."[167] The University fully embraced the former, yet reluctantly listed the latter, reasoning “the most selective universities in the nation do not offer merit-based scholarships on the grounds that all students are meritorious” – a sign that this objective was a mere stepping stone towards future goals regarding academic quality and financial aid.[168] Additionally, the University aimed to pay its faculty higher salaries in order to attract more top-quality professors. Also, it looked to expand its teaching force by up to 50 new members which would ultimately decrease the student-faculty ratio from roughly above 10:1 to 9:1.[169] Much of the other programming improvements would be funded via different sources of revenue. The University had a main objective for each of its schools, including strengthening the arts program, diversifying and expanding the science departments, increasing the ranking of the Robins School of Business to number one by 2010, and developing an interdisciplinary Masters in Leadership Studies Program.[170] Other academic initiatives such as the Richmond Quest, the Richmond Research Institute, and a post-doctorate fellowship program all needed specific endowments of varying degrees, funds which would come from separate revenue sources.

Aside from “People” and “Programming,” in the development process of the 2000 Strategic Plan, Dr. Cooper enlisted a Resources Task Force to determine how the University would fund its various initiatives. The Resources Task Force examined the University’s infrastructure needs and current revenue streams, determining that additional funding sources would come in the form of a capital campaign and special adjustments to undergraduate student fees.[171] The capital campaign would aim to raise $215 million, the majority of the resources necessary to complete the objectives of the plan. However, the plan also noted that the university’s current pricing position in relation to its competitor schools would allow for significant short-term adjustments in price without a change in relative position.[172] The plan looked to increase revenue from a variety of sources, providing the “fuel” necessary for achieving the university’s ambitious objectives.[173]

The plan denoted three specific areas which would require the most financial resources: “merit-based scholarships and enhanced financial aid, additional faculty and staff, and new or renovated physical spaces.”[174] The betterment of the financial aid program would require a $40 million dollar endowment fund, $30 million allocated for an additional 60 merit-based aid scholarships and $10 million to solidify the comprehensive financial aid program of the University. At that time, the University met “at least 90% of aid for all eligible students” and “raising it to 100% would cost an additional $1.5 to $2 million per year.”[175] Moreover, the University sought to fund 42 additional staff members, 45 more faculty members and 10-12 endowed chair positions. Furthermore, the strategic plan put great emphasis on renovating and expanding the Gottwald Science Center, looking at other small, private, competitor schools which would “spend an average of $40 million each on science building projects.”[176] A Boatwright Library renovation project was in order too, as well as additional classroom and office space and improvements to the Robins Center, costing a projected $85 million. Other ancillary projects required funding, but to a lesser degree. All in all, Dr. Cooper’s ambitious plan for the University of Richmond required substantial resources from a multitude of sources, the largest being the capital campaign, but the most notable, for the sake of this paper, being the resources drawn from possible increases in tuition and room and board charges.

D. Build-up towards Major Tuition Increase

Dr. Cooper, at the advent of his term in office, conceptualized that the University of Richmond needed a substantial increase in tuition and room and board in order to attain more fungible revenue dollars. He realized that the amount of revenue that ought to be generated could not be reached only through gradual “5 percent tuition increases from U of R’s already low tuition base.”[177] At the time, the University of Richmond was definitely underpriced tuition-wise in relation to its competition. What’s more, room and board charges also were customarily underpriced, due to an enduring policy of “keeping room and board prices low so as to prevent students from moving off-campus in the event of a tuition hike.”[178] Due to Richmond’s history of charging less than its competition in several realms, drawing additional revenue only from modest percentage increases in sticker-price would garner only modest returns. However, if the University were to enact a special, one-time tuition increase, raising the base price level, not only would Richmond’s price point in the higher education marketplace be elevated, but the University then would have tuition and room and board revenue streams more akin to its competitors. Simply put, the University of Richmond would have similar levels of tuition/room and board resources to use to enhance its academic quality and would no longer have to “compete with its hand tied behind its back” in the marketplace.[179]

However, Dr. Cooper also assessed the culture of the University as one of “financial modesty,” alluding not to the lucrative history of giving or the large endowment, but rather speaking to the institution’s pride in its market position as a school offering “value” to its students, or in Dr. Cooper’s words, a “bargain.”[180] The University had long priced itself beneath its peer and aspirant schools, thriving more so from its generous benefactors and substantial endowment returns. Therefore, despite an apparent need for a reassessment of its pricing policies due to the University’s expensive goals, Dr. Cooper astutely opted to focus more upon building resources for his strategic plan objectives via other sources of revenue like fundraising and rents in the immediate short-term. Simultaneously, he sought to carefully build the case for larger modifications to the University's pricing policy several years down the road. For instance, in 2001, Dr. Cooper secured a 35-acre property, located in downtown Richmond, including a 250 thousand square foot executive office building, formerly owned by the aluminum company Alcoa Inc. The University "gift-purchased" the $24 million property for $8 million, and to this day the property, currently leased by the tobacco company Altria Inc., still generates roughly $3 million per year for the University.[181] Fundraising efforts for the $215 million dollar capital campaign began immediately as well. Dr. Cooper employed a unique approach of having academic deans participate in the fundraising process – an appropriate and tangible expression of the relationship between academic quality and financial resources.[182] Due to the early vigor with fundraising efforts, by the 2003-2004 academic year, the school had raised roughly $150 million already for the capital campaign.[183]

Upon completion of the 2000 Strategic Plan, a minor special increase in tuition was set to be implemented for the 2001-02 academic year. The 2000 Plan projected a $1,400 special increase in tuition for first- and second-year students with adjusted financial aid awards "so that relative out-of-pocket expenses to needy students [would] not change."[184] This would result in a 12 percent increase in tuition and a 10 percent increase in overall charges to students. The increase would be fully implemented by the 2004-05 year and produced $4.6 million in additional annual revenue upon full implementation. The special increase, in additional to the consistent yearly percentage increases, helped fund a full range of institutional improvements, including 20 new faculty hires, 25 staff positions, 40 new merit scholarships in order to satisfy the academic missions of the University. Also, for the time being, the increase in undergraduate fees allowed for the full implementation of need-blind admissions policy which met one hundred percent of demonstrated need. The initial increase in funding from undergraduate student fees supported the achievement of a number of strategic plan objectives. Moreover, the University also increased room and board charges by 20.5 percent in 2000 to match the charges of its competitors.[185] Room and board fees consistently increased by only four percent in the years following the initial increase of 20.5 percent.[186]

By 2003, the University of Richmond was perpetually gaining momentum as an institution. Dr. Cooper and the University at-large had made great progress in attaining various strategic planning objectives. The most tangible expressions of that momentum were that 20 of the intended 45 new faculty lines had been acquired, 18 of the 43 intended new staff members had been hired, 12 major building projects were either undertaken or complete, 40 of the 60 new merit scholarships had been established, 28 new curricular programs had been introduced, and the financial aid policies of need-blind admissions and meeting 100 percent of demonstrated need had finally just been secured.[187] SAT Scores of incoming students began to increase slightly, the middle 50 percent range improving from 1230-1360 in 2000 to 1240-1370 in 2003.[188] The student-faculty ratio had decreased from 10.7:1 to 9.4:1 in that same time-frame.[189] The acceptance rate had also dipped to 41 percent in 2003, down from 45 percent in 2000.[190] Diversity had improved slightly at the University as well, increasing by a percentage point from 2000 to 2003 to a 12 percent minority population.[191] The University was clearly making progress.

Furthermore, significant advancement had occurred in obtaining new resources and building infrastructure as outlined in the 2000 Strategic Plan as well as the Campus Master Plan. The capital campaign was well over halfway in achieving its goal of raising $215 million. Improvements to infrastructure that directly supported the Plan's vision of enabling students and faculty to interact in innovative environments that promote discovery and learning included the

$37 million renovation and expansion of the Gottwald Science Center, the building of Weinstein Hall, and planned enhancements to the Boatwright Library and the Robins Center, as well as the building of the Weinstein Recreation and Wellness Center during 2005-06. Many of the infrastructure and resource enhancements at that time had a direct and immediate impact on student learning and faculty recruitment. Library usage had increased 63 percent since the initial renovation to the Boatwright Library.[192] Similarly, the amount of student research funding awarded by the University had increased by 32 percent and the number of students submitting research proposals had increased by 47 percent in just three years.[193] Meaningful academic change was taking root at Richmond, contributing to the snowballing momentum of the institution.

While all of these positive changes were happening, other forces were at work too regarding the future attainment of the strategic planning objectives. Around 2003, the university had essentially spent all that it could from its special $1,400 price increase in fully implementing the need-based admissions policies, adding faculty and staff, amongst other things. The university was looking to reassess its room and board pricing policy again at some point. Yet, after the initial 20.5 percent increase in 2000, Dr. Cooper questioned the meaningful effect of another substantial increase in those specific charges.[194] The market had also just experienced two volatile years, resulting in the endowment receding below a billion dollars (the level eclipsed in 2001), dropping 11 percent in 2002 and stagnating at 0.5 percent in 2003.[195] This called into question the permanence with which the university could keep spending in the same manner as the past three years, the focus being upon the new, more generous, need-based financial aid policies with its current levels of revenue.

What's more, as noted in previous sections, the federal government was beginning to scrutinize the financial practices of well-endowed colleges. Though Senators Charles Grassley and Max Baucus, the leaders of the Senate Finance Committee at the time, did not formally take a stand until 2008 when they wrote to the all U.S. colleges with endowments above $500 million asking questions about tuition levels, endowment growth and financial aid spending, governmental pressure was still evident to Dr. Cooper at least five years before the university received that letter.[196] Due to augmented government scrutiny over universities' financials, it was becoming less clear just how *legally* feasible large tuition increases could be in the near future, never mind the customary public dissatisfaction which typically follows a tuition increase.

Taking all of this into consideration, one can see how Dr. Cooper grasped how the necessary timing components were converging for a decision of this nature. The University of Richmond was making strides. It had just enacted a successful increase in undergraduate student fees, albeit minor in comparison to the increase Dr. Cooper had in mind, which led to substantial goal achievement by the institution. Dr. Cooper had proven an increase in price could work. At the same time, the University needed more resources to achieve its goals further. No benefactor similar to the Robins family was on the horizon to provide another $50 million dollar "Gift."[197] The financial aid program needed more funding for long-term sustainability due to the recent market downtown. Faculty salaries had not yet been increased to a competitive level – a considerable expenditure for the University.[198] Government pressures made the future feasibility of a decision even more uncertain. The situation was evolving into one which leaned favorably towards another special tuition increase discussion, one with a certain "now or never" undertone apparent to those internally involved with implementation of the 2000 Strategic Plan.

E. Action Steps towards the Tuition Increase

Dr. Cooper had made up his mind that the university needed an overhaul of its pricing policy when interviewing for the position of President.[199] In 1997, he recognized the financial mismatch between the status quo pricing position and the university's goals of becoming "Williams-plus.:[200] Holding him back in his early years was the culture of financial modesty and certain timing constraints. In the year 2003, Dr. Cooper took action, sensing he had successfully made the case for an additional tuition increase via the school's present accomplishments, and could further make the case if equipped with enough information about the true merits of another significant tuition increase. Therefore, he began to approach the relevant communication and decision-making channels through which this type of a decision must pass. If Dr. Cooper had a proposal for a special increase to undergraduate student fees, he would first consult his Vice President of Finance for further information on the best course of action. He would then propose the tuition increase to the Planning and Priorities Committee, who then, depending on the magnitude of tuition increase, may or may not enlist an ad hoc task force to research further the best course of action. Upon receiving the results of the task force, the Planning and Priorities Committee would then deliberate and vote upon the proposal, sending it to the Board of Trustees for formal approval. Once the proposal to increase tuition received formal approval from the Board, the proposal would be formally implemented.[201]

Dr. Cooper's first legitimate step towards this decision did not occur in the fall semester of 2003, but rather as soon as he was appointed as the University of Richmond's president. He first sought to change the composition of the Board of Trustees, if necessary, in order to obtain the closest thing as possible to a "shared vision for the direction of the university."[202] The Board of Trustees is the ultimate decision-maker in the system of university governance and congruence in priorities between the Board and the President is imperative. This process led to the removal of the final four board members with ties to the Virginia Baptist Association, finalizing the trend that Dr. Heilman had started in 1971.[203] Furthermore, Dr. Cooper also helped mobilize a governance task force for the Board of Trustees that "resulted in trustee term limits and other measures to raise accountability" for the Board.[204] Even though initially certain board members were phased out at the conclusion of their terms to be replaced by individuals who aligned with the Dr. Cooper's vision, no board members were replaced in order to gain support specifically for the tuition increase.[205] By 2003, Dr. Cooper had already strategically designed a Board of Trustees in line with his high aspirations for his institution.

In the fall of 2003, Dr. Cooper approached certain key decision-makers unofficially to discuss the university's financial situation and its progress according to the 2000 Strategic Plan. Conversations about the need for additional revenues occurred frequently with numerous trustees and the President's academic and administrative direct reports, including a number of deans.[206] Later that fall, Dr. Cooper then held "specific conversations about the tuition increase…with various trustee leaders, the CFO (Vice President of Finance Herb Petersen), and the Provost (Dr. June Aprille)."[207] These conversations were valuable discussions regarding the necessity for and the feasibility of a significant tuition increase that would alter Richmond's traditionally low pricing position. These talks also served as a means to gain initial support from the decision-makers at the top end of the shared governance system; these individuals would have great influence, through the committees over which they presided and by the virtue of their positions, over individuals who also possessed integral decision-making power at the other end of the shared governance spectrum. By the end of the fall semester, Dr. Cooper had convinced these certain constituencies on the merits of another special tuition increase. With the consultation of the VP of Finance Herb Petersen, the two settled upon three distinct pricing options to explore: $3,000, $5,000 and $7,000. Regarding how he came up with the three options, Dr. Cooper revealed that he and Petersen knew that they probably needed the $7,000 option "to fully close the gap with leading competitors… [Still,] $3,000 represented the lowest increase that might still be worth the effort, and we wanted to give the task force room for serious deliberation."[208] After coming up with three potential pricing options, it was now time to begin to move this decision through the appropriate institutional decision-making channels.[209]

F. Planning and Priorities Committee and Pricing Policy Task Force

The Planning and Priorities Committee met three times during the fall of 2003, reviewing and discussing the university's operating budget for the next academic year of 2004-05. One important agenda item discussed was the "significant and unanticipated downturn in the market."[210] As a result, the University of Richmond's previous commitment to offer a need-blind admissions policy and 100 percent of demonstrated aid was in jeopardy. The committee decided at that point in time that a tuition increase of 6 percent for the next academic year could adequately provide the funds for the financial aid program.[211]

During one of the later fall meetings, Dr. Cooper put forth the idea of exploring a special tuition increase. As a result, the next step was to create an ad hoc subcommittee, the Pricing Policy Task Force, composed of numerous members of administration, in order to investigate comprehensively the merits of each potential pricing increase.[212] According to one member of the task force, the then Dean of Arts and Sciences, Dr. Andrew Newcomb, the task force was specifically charged with "examining unbiasedly the pros and cons of each option, *not* to provide a recommendation of any of the options."[213] One reason why the Pricing Policy Task Force was commissioned was to create a sense of seriousness surrounding the potential decision. According to Dr. Cooper, “Many ideas are thrown around by university administrators. Once there is a task force commissioned, people know that this thing is for real.”[214] The task force was to compile enough information for a formal report to be presented to the Planning and Priorities Committee during its spring meeting in April. Once presented, the decision would then move up the decision-making channels for further discussion in the fall of 2004.

On April 19, 2004, the Pricing Policy Task Force presented their findings to Dr. Cooper and the Planning & Priorities Committee in the spring budgetary meeting. They presented their analysis of the three potential special tuition increases of $3,000, $5,000 and $7,000. First, they researched other similar tuition increases at certain competitor schools Northwestern, Wake Forest, Washington University in St. Louis and the University of Richmond in 2001-02. They found “significant positives” and “negligible negatives…if any, in admission statistics” in these four case studies.[215] When examining other schools that increased tuition, they also found that, in line with the workings of higher education economics, a small downturn in admissions quality, selectivity and yield could occur in the immediate short-term.

Next, the task force presented a formal list of pros and cons for each potential tuition increase option, the crux of their presentation. For the $3,000 option, the main benefit was an increase in gross tuition revenue of $9.2 million, with $4.8 million in financial aid obligations over four years, $4.4 for additional resources for strategic planning resources over four years, and 100% of the revenue generated in the first year being earmarked solely for financial aid. Other benefits included the maintenance of the university’s traditionally, competitively low pricing position, a lack of media attention, and a more easily explained tuition increase to the university constituents. The cons listed were the potential for negative media hype for a 14.4

percent tuition increase, a possible but unlikely downturn in annual giving, an insufficiency in accumulating enough revenue for near-term aspirations in the current strategic plan and long-term, future strategic planning endeavors, and a pricing position which did not reflect the university's "true value compared to peer and aspirant schools."[216]

The $5,000 option presented even greater pros and cons. The main benefit was an increase in gross tuition revenue of $15.4 million over four years, with financial aid obligations of $7.2 million and a remaining $8.2 million for other strategic initiatives. Other benefits included remaining in the 50th percentile position in cost relative to peer and aspirant schools, positive media attention from the "strategic uses to which" [the] funds will be put," and the provision of enough funding to finish the current strategic plan with a money left for further strategic initiatives or a "financial cushion" in the event of a market downtown or incorrect financial aid projections.[217] The cons of the $5,000 option were: a reduction in competitive pricing position, a short-term increase in acceptance rate, higher need-based financial aid obligations, a reported increase of 20.7 percent and the negative media hype surrounding such an increase, a possible but unlikely downturn in annual giving, a deterrence in enrollment for middle class prospective student who "do not qualify for need-based aid and for whom cost is thus a factor," and less funds for the development of the next strategic plan.[218]

The $7,000 option provided both the greatest benefits and the largest potential negatives. The main benefit of the $7,000 option was the increase of $21.6 million in gross tuition over four years, with $9.8 million in financial aid obligations and $11.8 million remaining for other strategic plan purposes. Other benefits again included the potential for positive media attention surrounding the positive uses to which the funds would be directed, sufficient funds to complete the current strategic plan as well as begin the *next* strategic plan, "a full array of institutional advances [which] could be funded and…readily apparent and easily explainable…to all affected constituencies."[219] The most interesting benefit listed was "a $7,000 increase, which reflects our ambition, optimism and momentum, is very bold."[220] Many similar cons to the $5,000 option existed for the $7,000 option: the elimination of the pricing advantage in comparison to the university's competitors, a negative impact on admissions due to an increase in acceptance rate and a reduction in yield, higher levels of need-based financial aid obligations, a reported tuition increase of 26.9 percent (not including the additional inflationary increase) and the potential for negative media hype, an unlikely effect on annual giving, and a deterrence for middle class enrollment.[221]

In addition to the list of pros and cons, the Pricing Policy Task Force supplemented their report with various other appendices of information. They presented visuals of the university's three potential pricing levels, for tuition alone and overall sticker-price, in relation to its competitor schools. Also, they presented the findings of a study by Christopher Avery and Caroline M. Hoxby titled *Do and Should Financial Aid Packages Affect Students' Choices*. The study found numerous insights, including "students do not view loans and work study as significantly inferior to grants…an additional $1,000 in grants raises a student's probability of matriculating by 11 percent of the prior probability…[and] an additional $1,000 in tuition lowers a student's probability of matriculating of matriculating by 2 percent."[222] In essence, the study served to inform parties about the effects of increasing tuition and increasing financial aid packages on admissions yield.

Furthermore, the task forth included a letter in their presentation from a University of Richmond professor of economics, Dr. James Monks, who examined the short-term effects of Richmond's specific three tuition increase options on admissions yield. He concluded:

> "In my opinion a $3000 bump in price still will maintain our cost advantage relative to most of our private peer institutions, and will have a negligible impact on our yield. A $7000 bump in price essentially eliminates this cost advantage and it is my gut feeling that an increase of this magnitude will have an appreciable impact on our yield. The middle bump of $5000, it is my sense, will be felt in terms of our yield, and thus represents a trade-off of yield versus revenue. There are actions we can take to buffer the yield from these effects, such as taking a larger share of the class through early decision, but this too represents a trade-off."[223]

Dr. Monks declared the economic fact that the potential increases in revenue from the tuition increase could be offset by a decrease in yield, increasing in degree with the magnitude of the tuition increases. Thus, depending on the degree of the tuition increase, the University must prepare for the implications of a downturn in admissions.

Finally, the Pricing Policy Task Force addressed the idea of a university's discount rate, the percentage of gross tuition revenue which funds total scholarships and grants.[224] The discount rate essentially manifests the aggregate "mark-down" or "discount" that an institution grants to its students via financial aid. Discount rates can reflect several indicators of a school's financial position. For instance, if a poorly-endowed school has a discount rate of 50 percent (half of its tuition revenue is devoted to grant and financial aid expenditures) as a means to reach an enrollment target, such is troublesome. That school is giving away money just to fill seats. On the other hand, a wealthy school can sustain a discount rate of over 50 percent in the pursuit of meeting full need-based aid, so long as they continue to offer competitive academic quality and have consistent student demand and tuition revenues. In 2002, the University of Richmond possessed a discount rate of 23.1 percent, a figure exhibiting financial prudence regarding aid and tuition revenue. With each potential increase, the university would increase its discount rate to 37.7 percent, 38.1 percent, and 38.6 percent respectively – all positive figures due to the university's wealth and net tuition projections.[225] Regarding discount rates, any of the three options would put the university in a better standing in relation to its competitor schools.

In April 2004, the Planning & Priorities Committee heard the presentation of the Pricing Policy Task Force, yet made no formal recommendation or decision, waiting until its first fall meeting to take a stance on a pricing policy. On the whole, several clear themes surfaced in the Pricing Policy Task Force's report. First, it was clear that the task force too believed in the high aspirations of Dr. Cooper. The language of the report evidenced as much. For instance, a continual qualifying statement for certain cons listed surrounding the negative media attention was the potential for the public to recognize the beneficial and ambitious uses for which the additional revenues would be used.[226] Also, one benefit listed for the $7,000 option was not a tangible fact, but rather an intangible message which the implementation of that option would convey about the university: boldness, ambition and optimism for the future. Second, the chief aims for the additional revenues from the increases in undergraduate student fees were made certain: diversity and academics. The proposed increases in funding were clearly being divided between enlarged need-based financial aid obligations and resources for current *and* future strategic planning objectives. Increasing need-based financial aid obligations has clear, positive implications for increasing diversity in admissions.[227] Also, judging by the clear academic emphasis evident in Dr. Cooper's then current strategic plan, one can safely assume that he planned to devote even more resources towards the improvement of the academic quality of the institution in his future strategic plan with a special tuition increase.

G. Summer and Fall 2004: Moving Along the Decision-Making Channels

Over the summer months of 2004, Dr. Cooper directed his attention towards gaining support for the decision from the Board of Trustees. He clearly was in support of the $7,000 option, as he had been since his appointment as President. Every week that summer Dr. Cooper arranged a luncheon with a different trustee, during which he would discuss the merits for and necessity of the tuition increase. By August he had the full support of the Board of Trustees for the special tuition increase of $7,000.[228] These meetings were so crucial to the tuition increase decision. The luncheons were prudent and effective exhibitions of persuasion. The Board of Trustees was the final party in the decision-making sequence, and Dr. Cooper had secured confirmation that if the resolution were to come before them, it would pass. Such knowledge would give Dr. Cooper confidence in presenting the tuition increase to the other parties involved in the decision-making chain. He had already convinced his direct reports, especially the Provost and VP of Finance, who helped him develop the tuition increase proposal in the first place. Only two more parties needed formal convincing: the Planning & Priorities Committee, which he presided over, and the University Faculty, which confirmed resolutions before they were sent to the Board of Trustees for approval.

The Planning & Priorities Committee reconvened early in the fall semester of 2004, discussing again the report of the Pricing Policy Task Force. During the meeting, "Dr. Cooper fielded questions and requested input from committee members" regarding the special tuition increase.[229] By the conclusion of the meeting, they had agreed upon the $7,000 option as best, with an additional 5 percent increase in undergraduate tuition (for returning students), 4 percent increase in compensation and 3 percent increase in operating budget.[230] The decision was now set to be communicated to the university faculty at a "special" faculty meeting on September 15,

2004. At the special faculty meeting, the first order of business was the findings of the Pricing Policy Task Force. The entire report was presented and "the President solicited faculty input on the report" which was to be proposed to the Board of Trustees on October 15, 2004.[231] The discussion reportedly "revolved around the potential impact of the proposed tuition increase on the University's efforts to recruit a more diverse student body."[232] Also, in response to concerns about admissions selectivity and yield, Dr. Cooper responded that "raising tuition would improve yield in the long run since the increase will fund improvements in academic programs. Tuition, as the largest source of the University's income, unfairly limits our programs if it is priced too low in relation to other schools."[233] Following the discussion, most faculty members agreed with the merits of the special tuition increase and were on board. The proposal was set to move along to the Board of Trustees for formal approval.

H. The Decision Itself

On October 15, 2004, the special tuition increase proposal of $7,000 was proposed to, voted upon and approved by the Board of Trustees. The minutes from that meeting could not be retrieved, so there is no accessible record of any deliberation regarding the decision. The Board of Trustees voted to set the 2005-06 total price of attendance for entering first-year and transfer undergraduate students at $40,510, an increase of 26.9 percent, with 40 percent of the tuition revenue increase being used to continue to fund the policy of meeting 100 percent of demonstrated need.[234] Furthermore, the Board approved only a 5 percent increase in tuition for returning undergraduate students, as well as a 4 percent increase in room and board charges for all students. Combining both increases to tuition and the room and board charges, the increase in sticker-price would be 31 percent. The proposal grandfathered the tuition increase only for incoming first-years and transfers under considerations of fairness. Incoming first-year and transfer students would be agreeing to attend the university knowing its new, higher price and current undergraduates agreed to attend the university under different conditions.

I. Steps Immediately Following the Decision

Following the approval of the tuition increase by the Board of Trustees, Dr. Cooper had to direct a unified public relations effort. Several other university constituencies had to be reached, namely alumni, students, the media and the local community. The public relations campaign attempted to convey the same message to all parties; no special attention was directed towards any of the constituencies.[235] Dr. Cooper and other university officials, namely the Provost and the deans, emphasized the benefits and goals surrounding the tuition increase during the small-scale media campaign. One common metaphor used during the campaign was describing the university as a “rocket” which now had the “fuel source” to take off into orbit.[236] When describing the small scope of the media campaign, Dr. Cooper explained that “no university I can think of ever announces a major tuition increase without push-back, and the more you try to explain goals and benefits, the more you can anger those who do not share those goals…”[237] Thus, the University’s message was relatively straightforward and succinct, strategically so. High-ranking university officials did receive training pertaining to the main talking points about the tuition increase.[238] Also, the public campaign was conducted in a manner consistent with how other universities conduct media campaigns surrounding tuition increases.[239]

Internally, there was no real push-back regarding the decision with the constituencies involved in the decision-making process. Most parties knew the great potential behind the additional revenue sources. The $21.6 million in annual revenue was the equivalent of a payout from an endowment of $432 million, and that alone galvanized support from most administrators and faculty.[240] On the other hand, there was a great deal of push-back externally from the decision, from the local media, the Richmond community and the campus community, all which was expected. Countless local news sources covered the story, and the university did receive some national attention for the tuition increase. Some Richmond alumni expressed their dissatisfaction, claiming that the Richmond identity that they had grown fond of was changing for the worse.[241] Certain community members expressed concern that they could no longer afford to send their kids to such an expensive university.[242] Ken Kraper, the then student Vice President of the Richmond College Student Government Association, showed concern regarding the middle-class members of the Richmond community. He claimed that "a lot of that middle class that defines Richmond right now will get wiped out… A lot of people think it will just be the rich kids paying for the poor kids."[243] However, the university was aware of the concerns that would be raised around the tuition decision. The plan was to conduct the appropriate public relations campaign outlining the goals and benefits to all constituents of the university, then weather the storm in the short-run and make certain to achieve a greater level of academic excellence which would ultimately quiet the critics in the long-run.

The downturn in admissions statistics was palpable as well, also as expected. Immediately following the decision, Dr. Cooper reported during the university faculty in January 2005 that "the number of early decision applicants [were] somewhat lower" than the last year at that point in time. He also reported that "proactive communications with students, faculty, staff, alumni and families of those in the inquiry pool had been very effective in putting the tuition increase in a positive light."[244] However, in the academic year 2005-06, overall applications had dipped by 8 percent, falling from 6,236 applicants in 2004 to 5,778 applicants in 2005.[245] Admissions selectivity increased to 48 percent in 2005, rising nine points from its low level of 39 percent in 2004.[246] Admissions yield decreased by three points from 31 percent in 2004 to 28 percent in 2005. Diversity also stagnated in the short-term; the university admitted a minority population of 12 percent, the same figure as in 2004. Additionally, admitted student quality dipped only slightly, the middle 50 percent range dropping from 1260-1380 in 2004 to 1250-1370 in 2005.[247] All in all, the University had prepared for the worst, expecting a potential decrease in applications as large as 25 percent.[248] Dr. Cooper expressed the fact that he was "pleased" to see the eight percent decrease in applications in 2005.[249]

Finally, the meaningful scope of this narrative does not extend much past the 2005-06 academic year, for Dr. Cooper's presidency became clouded at that time by a controversy external from the decision-making process of the tuition increase as well as the public information campaign following the tuition increase. As a result, Dr. Cooper's narrative ends when he left the University in 2007. One must note that Dr. Cooper left the University Presidency in 2007. Yet, though his direct influence over the University may have ended, the policy to increase undergraduate student fees still remained and many of the benefits and other consequences of such policy came into effect during his successor Dr. Edward Ayers' tenure. Therefore, though the narrative ends in 2007, the range of the appraisal of the effects of Dr. Cooper's leadership extends well past 2007, up to the present day in 2014.

Chapter Three: The Appraisal of Dr. Cooper's Leadership

Good leadership can be evaluated in a multitude of ways. Sometimes we aim to evaluate leaders on how *effectively* they implement their vision and attain group goals. A good leader then is one who gets things done. Other times we look to evaluate leaders on how *ethically* they act in certain situations, whether they do what they ought to do according to some set of moral expectations. A good leader then is one who does the right things in the right way. Ideally we want our leaders to be as ethical and effective as possible. Often though, evaluating good leadership involves much more complex analysis. In some situations, a leader can act ethically only by acting effectively, by serving the groups' interests and goals above all else. Yet, in other situations, a leader can act effectively but entirely unethically, exemplifying the well-known Machiavellian phrase, the ends justify the means. In my evaluation of Dr. Cooper's leadership, I intend to evaluate both ethics and effectiveness within the special university context. With respect to Dr. Cooper's decision to increase the price of tuition, I will gradually expand the scope of my appraisal, starting first with an evaluation of the effectiveness of the specific actions of Dr. Cooper himself. From there, I will answer the questions of whether Dr. Cooper was a good leader, ethically and effectively, within the University of Richmond setting, within the marketplace of higher education, and within the broad context of society.

John W. Chandler, former president of Williams College and Hamilton College, and G. Donald Chandler, III, a professor of Leadership Studies at Williams College and a Director Emeritus of McKinsey & Co., Inc., outline a full concept of leadership effectiveness in their joint work, *On Effective Leadership: Across Domains, Cultures, and Eras*.[250] The authors make the distinction between the ideas of "effective leadership" and "exceptional leadership." They claim that effective leadership "can be moral, immoral or morally neutral. It is simply leadership that successfully achieves the mutual purpose shared by the leader and his followers…who were won and motivated primarily through the leader's exercise of persuasion."[251] Exceptional leadership, on the other hand, can be neither "immoral in means or ends… [it] is the combination of the leader's effectiveness and the worthiness of the goal achieved."[252] After this initial distinction, they provide s four-part framework of effective leadership, consisting of first developing a compelling and shared vision for goal-achievement, then communicating the vision to one's constituency persuasively, and finally building an organizational construct that "supports the implementation of the vision, ensures ongoing alignment between leader and followers, and institutionalizes the vision even after the leader is gone."[253] I aim to steer clear from the fourth part of their theory, selflessness, in my evaluation. Even though their theory of leadership effectiveness is concerned with leadership "as a set of activities," they also note that personal traits and behaviors are not to be ignored for "they may help a leader gain initial credibility with a group and enhance the probability of his or her leadership success."[254]

On the whole, Chandler and Chandler lay out extremely useful criteria for evaluating Dr. Cooper's overall leadership effectiveness. The distinction between effective and exceptional leadership allows us to look solely at goal achievement *and* make appraisals of the manner in which goals were attained as well as the moral value of the goals themselves. Drawing from relevant leadership theories, in the first section I will evaluate the manner in which Dr. Cooper initially gained the legitimacy and credibility necessary in order to make his decision to increase the University's tuition. Next, I will evaluate Dr. Cooper's vision for the University and the degree to which his decision fit in with his intended direction for the University. Afterwards I will evaluate the effectiveness of Dr. Cooper's uses of persuasion in gaining the requisite support for the decision. Lastly, I will examine the organizational structure which Dr. Cooper managed in order to implement his vision. The benefit of Chandler and Chandler's third element is the fact that it states the "[institutionalization] of the vision even after the leader is gone," which opens the evaluation to the institution's advancement after the end of Dr. Cooper's presidency up to the current position of the University of Richmond in the higher education marketplace.[255]

I. Effective Leadership

A. Leader Legitimacy

A precondition of leadership effectiveness which we must examine is the manner in which Dr. Cooper acquired legitimacy from his followers. Dr. Edwin Hollander, Emeritus Distinguished Professor of Psychology at Baruch College, City University of New York, in his article "Legitimacy, Power and Influence: A Perspective on Relational Features of Leadership" (1993) forthrightly claims, "Leadership is not something a leader possesses so much as a process involving followership. Without followers, there plainly are no leaders or leadership."[256] David Messick, Professor Emeritus of Management & Organizations at Northwestern University's Kellogg School of Management echoes a similar sentiment in his article, "On the Psychological Exchange Between Leaders and Followers" (2005). He describes the phenomenon of leadership as occurring not due to the personal qualities of leaders or the skill sets of leaders, but rather through the relationship built between leaders and followers.[257] He examines the phenomenon as a leader-follower exchange, in which "leaders and followers provide support and gratifications for each other."[258] Taking into account the short distance between a university president and his constituents in the traditional system of university governance, followers play a large role in the leadership of a university president. In a university community, fostering a firm leader-follower relationship is imperative.

Hollander further describes the role of followers in the leadership process, claiming, “Not only is it the follower who accepts or rejects leadership, but it is the follower who perceives both the leader and the situation and reacts in terms of what he perceives.”[259] Hollander makes very clear the importance of gaining credibility with one’s followers. Messick also examines the question of why followers let themselves be led, stating that “followers follow because they get something from being followers…leaders provide some value that benefits followers. Followers respond in ways that benefit the leader. Thus, leaders and followers become linked in a mutually beneficial relationship through the exchange of benefits.”[260] In order to make any institutional progress, especially in making such a bold decision, Dr. Cooper first had to galvanize his base of followers in order to receive the legitimacy to innovate by means of a tuition increase. Gaining status among followers precedes even the development of a vision for the institution, though there may be some interplay between the two in the onset of leadership. Also, part of a leader’s legitimacy stems from his followers’ perceptions that he could offer or generate some potential value on an individual and/or institutional basis.

Dr. Cooper brought superlative academic and administrative credentials with him to the University of Richmond, having previously served as Executive Vice President for the Main Campus at Georgetown University. He also held faculty positions at Harvard University, the University of Iowa, and Tulane University, where he served as Dean of the Faculty of Liberal Arts and Sciences.[261] He was both an accomplished academic and a seasoned administrator, which initially contributed to his status among both tiers of the university hierarchy, the faculty and the administration. The Board of Trustees already was swayed by his credentials, for they appointed him as president. Dr. Cooper’s prior credentials therefore granted him a certain amount of “derivative credit.”[262] Hollander also puts forth the leadership and social psychological concept of idiosyncrasy credit (IC), which outlines the latitude in decision-making granted to a leader by his followers. In Hollander's IC model, leadership is viewed "as a dynamic process of interpersonal evaluation in which credits are earned in the eyes of the follower."[263] If a leader desires to innovate effectively, he must first earn the necessary credits from his group, credits mostly earned through sheer competence and conformity to group norms.[264] In addition, Hollander asserts that "derivative credits" may be earned, though to a lesser degree, via past experience, seniority, socioeconomic status, etc., which contribute to a leader's legitimacy within the group and the license granted to innovate.[265] Therefore, Dr. Cooper's exemplary work prior to his presidency is a definitive example of a leader's earning initial derivative credit.

Though his previous academic record may have had an effect on some students, Dr. Cooper also attempted to build his status with the student body via hosting several public question and answer forums in which students could address the President directly.[266] Since "the involvement of followers has to be recognized as a key component of effective leadership," granting students numerous opportunities to give their perspective on the campus community and potentially have a hand in the development of the official direction for the university was a sound way to build legitimacy with that constituency.[267] In addition, simply holding the office of President grants a certain level of legitimacy to an individual at least at first, before credit is subsequently accrued or withdrawn by followers over time.[268] It can be said then, at the beginning of his presidency, that Dr. Cooper gained legitimacy with his group, the constituencies of the University of Richmond community, by means of derivative credits, the initial involvement of followers, and by virtue of his position. So far, I have outlined how Dr. Cooper himself gained legitimacy and credibility with his constituencies. However, this is an evaluation of Dr. Cooper's decision to raise the University's tuition, and not Dr. Cooper's overall tenure as president. Therefore, what is more integral to this evaluation is not the manner in which Dr. Cooper gained legitimacy for himself, but rather how he legitimized his decision itself. His perceived legitimacy by his group is merely a portion of his overall effectiveness in generating legitimacy for the decision to increase the tuition of his institution by such a large amount. It cannot be denied, though, that he began with a certain amount of derivative credits at his disposal.

B. A Compelling, Well-Conceived Vision Shared By Followers

i. Gardner's *Leading Minds* and Dr. Cooper's Vision for the University

Per the framework of Chandler and Chandler, the first major element of effective leadership is "developing a compelling, well-conceived vision for the achievement of a set of goals that are shared, or have the potential to be shared, by a group of followers."[269] Howard Gardner, in his book *Leading Minds*, sheds further light on this concept, stating, "Leaders achieve their effectiveness chiefly through the stories they relate," the word "relate" referring to the many modes of communication which leaders employ.[270] He later claims that an "*ordinary* leader…simply relates the traditional story of his or her group as effectively as possible," whereas an "*innovative* leader takes a story that has been latent…among the members of his or her chosen domain, and brings new attention or a fresh twist to that story."[271] Gardner, too, notes the integral and potentially challenging role which a leader's followers play, declaring, "By and large, members of a society are not…searching for an unfamiliar story or a new form of understanding."[272] In fact, he asserts that "the stories of the leader…must compete with many other extant stories; and if the new stories are to succeed, they must…in some measure outweigh the earlier stories, as well as contemporary 'counterstories.'"[273] Hence, according to Gardner, the challenge of leadership is to effectively convey one's story, whether it be unchanged or with a "fresh twist," to one's followers, accounting for competing stories or "counterstories," in a manner which translates ultimately into the group's progress and attainment of goals.

What exactly was Dr. Cooper's story and how did he relate his story effectively? These two questions are central to the entire evaluation of Dr. Cooper's leadership effectiveness. Dr. Cooper's foremost story, his distinct vision for the University of Richmond, clearly was "to become the best, small, private, liberal arts University in the nation."[274] Such a story was not unfamiliar to the University of Richmond community either. Dr. Bruce Heilman communicated a similar story during his tenure as president. His story communicated his lofty goals for the University and the financial realities of higher education which necessitated heavy fundraising efforts, large capital campaigns, and several tuition hikes.[275] His story included an element of prestige, involving crafting the image of the University as one with competitive levels of wealth, heightened academic quality and an augmented beautification of the campus exterior.[276] Dr. Richard Morrill too communicated a similar narrative of striving to become the best, small, private, liberal arts university in the nation. His story assumed various strategic motifs, seen by his in-depth and comprehensive strategic plan and his precise and deliberate steps to unite the academic and administrative decision-making realms into a more nimble, fluid and efficient system of university governance. Additionally, his story consisted of maximizing academic quality via a maximization of financial resources, while at the same time maintaining the University's niche position in the market as a "best-value" institution.[277]

As a result, considering Hollander's theory of legitimacy and Gardner's theory of relating stories, Dr. Cooper's narrative had to contain pertinent elements of the University identity already fastened by his predecessors in order to cultivate a sense a familiarity with the University community. Dr. Cooper had to recognize the current institutional culture and conform to it to some degree if he ever intended to innovate in any meaningful fashion. Dr. Cooper did immediately recognize the identity of the University of Richmond. He stated immediately his intention for the University to become the best, small, private, liberal arts school in the nation, a familiar message from a Richmond President to the Richmond community. He aimed to build upon the progress of his predecessors in academic quality, national reputation, financial aid, diversity, admissions selectivity, and campus quality, among many other things. But, upon his appointment, he was charged by the Board of Trustees with the goal of developing the University into a "Williams-plus" or a "Swarthmore-plus" institution, schools which *were* the best, small, private schools in the nation [278]. Therefore, Dr. Cooper sought to make the University of Richmond the best of its kind, not just the "best university between Broad Street and the Westham Parkway" as some university constituents believed in the late 1990's.[279]

Consequently, Dr. Cooper conducted an assessment of what those schools were doing in relation to the University of Richmond at the time. He concluded that the University would have to deviate from its *status quo* in order to achieve further progress (becoming a Williams or a Swarthmore) while retaining the specific five-school, liberal arts identity of the University of Richmond (a Williams-plus or a Swarthmore-plus). Dr. Cooper's story would thus offer a "fresh twist" to the existing stories within the University of Richmond setting. He identified that Richmond, in its current position as an underpriced, best-value institute, was competing financially in the higher education marketplace with "one hand tied behind its back."[280] But, changing Richmond's enduring culture of financial modesty would most certainly be a nonconforming decision, one which would require definite legitimization over time. Dr. Cooper would develop the necessary credibility for this decision by developing a well-conceived and shared vision for the University via his 2000 Strategic Plan, displaying the requisite competence in order to gain credits from his followers by achieving numerous objectives of the Strategic Plan, and by eventually putting forth yet another compelling story firmly grounded in the economic workings of the higher education marketplace.

ii. Developing a Shared Institutional Vision: The 2000 Strategic Plan

Dr. Cooper's ambitious vision for the University of Richmond was clear. Yet, translating such into an *institutional* vision, moving all parties of university governance and the campus community in the same direction in an integrative and cohesive manner, took a great deal of work. Dr. Morrill, in his work *Strategic Leadership*, writes about the integrative potential of strategic planning processes, claiming "[strategic plans] have to connect with the values, narratives and possibilities of a place in order to be authentic and motivating.[281] But, Dr. Morrill also comments on "the ability of a strategy to create a shared sense of the future that motivates a community to make commitments, set priorities, and take actions" – therefore, if Dr. Cooper achieved the former, the latter would result.[282] After only a year and a half as the President of the University of Richmond, Dr. Cooper had a formal strategic plan approved by the Board of Trustees with 17 principal objectives under the umbrella of the three core focus areas of People, Programming and Resources. The planning process involved all tiers of the University hierarchy including administrators, faculty members, and students as well as certain task forces composed of members from all three of those constituencies. The final product did reflect the values and narratives of the University, as seen by the 2000 Strategic Plan's stated mission: "We are committed to preserving our core values and adapting to conditions that affect all institutions of higher education. Our approach will be to increase diversity and build on the interactive and personalized learning environment that is recognized by students and alumni as the measure of our quality."[283] Thus, Dr. Cooper, in a relatively short amount of time, not only put forth a "compelling and well-conceived vision," but one which had a "shared" aspect among the relevant constituents in the Richmond community, and one which reflected the past and current identity of the institution. .

Additionally, the 2000 Strategic Plan also declared, "Building on a rich tradition, this plan will enhance our ability to provide even greater opportunities for our students…and achieve a level of resources that allows us to build a sustaining engine of excellence."[284] One can see how Dr. Cooper implicitly began to make his case for a large tuition increase, the next layer of his overall story of becoming a "Williams-plus" university. Within this developed and shared vision for the university, the Richmond community generally agreed that the University needed to enhance its resources to some degree. Also, the fourth section of the 2000 Strategic Plan, titled "Resources and Infrastructure" explicitly states that, in order to improve the financial position of the University for the sake of achieving Strategic Planning objectives, "special adjustments to undergraduate student fees" were necessary. Furthermore, the 2000 Strategic Plan made definitively clear that the University of Richmond was dead set on achieving its shared goals, as evidenced by its final chapter titled "Spiraling Upward" which claimed that the University's "strengths are only exceeded by [its] aspirations" and "as resources grow and fuel ideas for better programs, strategies for recruitment and development will add new possibilities to the mix."[285] The positioning of the sections themselves in the Strategic Plan was highly effective. If the Richmond community agreed first upon the strategic vision and goals of the University in People and Programming, then they would be more inclined to agree upon the financial means to achieve those goals. Besides that, Dr. Cooper also was able to compel the University community to agree upon the fact that special alterations needed to be made to undergraduate fees for the sake of overall institutional progress.

Taking all of this into consideration, the 2000 Strategic Plan was subtly a masterful achievement on the part of Dr. Cooper. He established a sense of unity by choosing the familiar overarching theme, articulated by his predecessors and the Board of Trustees, of striving to become the best, small, private university in the nation. The Strategic Planning process, according to Dr. Morrill's theory of strategic leadership, is essential in developing an integrative and shared vision for the institution as whole. What's more, the 2000 Strategic Plan also displayed elements of Dr. Cooper's own story and successfully laid the foundation for future innovation in the realm of the University's financial position and, in turn, its institutional identity.

C. Persuasively Communicating the Vision in a Manner Appropriate to the Group

Revisiting the framework of Chandler and Chandler, the next element of effective leadership is "persuasively communicating the vision in a manner appropriate to the group."[286] Once the institution formally began to implement its Strategic Plan in 2000, a vision which exhibited a certain level of conformity to the University of Richmond's core values and narratives but still left sufficient leeway for potential institutional innovation, Dr. Cooper knew he must act swiftly in order to prove his case for an eventual increase in tuition. Using Gardner's concept, Dr. Cooper had now put forth his initial story to his audience. But, in order for the members of the institution to internalize his comprehensive story, the story now had to be retold perpetually. In order to explicate this point, Gardner uses a quote from Richard Nixon, who said, "About the time you are writing a line you have written so often that you want to throw up, that is the time the American people will hear it."[287] Therefore, the topic of persuasion now becomes relevant to this discussion. In the realm of communication, Gardner also asserts that there are many modes of a communication of which a leader can make use. There are two main methods which Gardner describes: 1) the direct telling of the story by the leader to his audience, and 2) the embodiment of the story through the leader's actions.[288] I will focus on the latter first in this section, for Dr. Cooper's persuasive actions and embodiment that truly legitimized his decision to increase Richmond's tuition occurred chronologically before his explicit, persuasive narrative on behalf of the decision.

i. Embodying the Story Through Competence and Conformity

Dr. Cooper, through his own personal vision, his many speeches and conversations with the Richmond community, and the formal approval of the 2000 Strategic Plan, was now telling a forward-looking story of ambition and high institutional achievement. The many strengths of his institution were *only* outweighed by its lofty aspirations, and its chief aspiration was to become the best school of its kind in the nation. If Cooper were to successfully communicate this narrative of high-achievement, he of course had to embody this story and *actually* achieve these various institutional goals. One can see parallels in this situation between Gardner's idea of embodying a narrative and Hollander's notion of Idiosyncrasy Credit. Dr. Cooper had to earn credits from his followers and be willing to use ones he had been accorded earlier, via displays of competence. There were two clear instances in which he displayed sheer competence which contributed to his earning the credits necessary to ultimately make his decision in 2004-05.

First, as outlined in the previous chapter, Dr. Cooper, per one of the Strategic Plan objectives, implemented a special 12 percent increase in tuition and a 10 percent increase in overall charges for the 2001-02 academic year.[289] Upon full implementation, this increase in student charges produced $4.6 million in additional annual revenue. This increase in annual revenue funded 20 new faculty improvements, 25 staff positions, 40 new merit scholarships, and led to the full execution of need-blind admissions policy which met one hundred percent of demonstrated need – all shared goals of the institution.[290] In short, this tuition increase worked. With more annual revenue, the academic quality of the institution tangibly improved as did the overall affordability of the institution following the comprehensive, need-blind financial aid policy. Therefore, when later putting forth the case for the even larger increase in undergraduate student fees, Dr. Cooper could point to the positive effect which a tuition increase already had upon the University of Richmond. Better yet, Dr. Cooper could point to the fact that more annual revenue led to a completion of shared, institutional goals.

Also, including the effects of the first tuition increase, by the academic year of 2003-04, the University had already completed 11 of its 17 strategic plan objectives.[291] In just three years, 20 of the intended 45 new faculty had been hired, 18 of the 43 intended new staff members had been acquired, 12 major building projects were underway or completed, 40 of the 60 new merit scholarships had been established, 28 new curricular programs had been introduced, and the financial aid policies of need-blind admissions and meeting 100 percent of demonstrated need had finally just been secured.[292] SAT Scores of incoming students began to increase slightly, the student-faculty ratio had decreased from roughly 11:1 to 9.5:1 and the acceptance rate had also dipped to 41 percent.[293] Diversity had also improved slightly at the university as well increasing to a 12 percent minority population on campus.[294] Many other academic programs were either started or bettered according to plan, and the capital campaign had already raised roughly 150 million of the intended 215 million by 2004.[295] Clearly progress was being made at an impressive rate.

In just three years, Dr. Cooper effectively ushered in a moderate, special tuition increase that proved effective in facilitating goal achievement. Plus, putting to use the additional revenue from the new tuition increase and the capital campaign, Dr. Cooper displayed leadership competence in effectively accomplishing many of the shared goals of the University in a remarkably short period of time. Yet, all of this was attained while still conforming generally to the embedded university culture of financial modesty. Dr. Cooper also exhibited adherence in another manner, by not deviating to any degree from the 2000 Strategic Plan agreed upon by the Richmond community. Following Hollander's theory, Dr. Cooper adequately prepared himself for an innovative, nonconforming decision by displaying competence through substantial goal-achievement and by broadly conforming to the University culture *and* the University's agreed-upon plan. He had successfully shown his followers the clear benefits for the institution from an increase in revenue by means of increasing undergraduate student fees. Ultimately, he embodied his story of ambition and high-achievement and earned enough credits from his followers to finally put forth a "fresh twist" to his narrative, something along the lines of: "If such goals could accomplished by a modest special increase to an already lower-than-average price level, imagine what the University of Richmond could achieve if our undergraduate student charges (and tuition revenues) resembled that of our competitors."

ii. Relating the Narrative: Verbal Communication

In order to successfully relate the "fresh twist" to his leadership narrative, the familiar story of high ambition and great institutional progress fused with a new tale of changing university culture and an augmentation of the University of Richmond's academic and financial positions, Dr. Cooper needed to effectively persuade each University constituency of the true merits of his decision. Key to Chandler and Chandler's second element of effective leadership is persuasion "in a manner appropriate to the group."[296] Therefore, Dr. Cooper had to be cognizant of the competing priorities of the various parties influenced by the decision. Whereas faculty and administrators may eagerly welcome more revenue in the form of undergraduate student fees in order to offer better quality academic programs, prospective students, parents of current students and alumni may skeptically scrutinize such a decision. He had to offer a narrative superior to that of the existing stories of the university's historical culture and the potential "counterstories" which were bound to emerge from those in opposition to Dr. Cooper's vision. Regardless, in order to effectively implement the decision, Dr. Cooper had to effectively persuade his followers that raising tuition by 31 percent was the best course of action for the University.

a. Peripheral and Central Persuasion

In this section, I will evaluate the effectiveness of Dr. Cooper's persuasion in influencing his constituencies to implement and accept the decision to increase the tuition of the University by such a staggering amount. First, Dr. Cooper had to persuade the parties directly involved in the decision-making process on the merits of decision in order to garner their support and move the decision through the requisite channels of the strategic governance system. Next, Dr. Cooper had to convey the merits of the decision to the parties external to the decision-making process. As a means of evaluating the effectiveness of his persuasion, I will draw from the theories of James M. Olson and Graeme A. Haynes in their article, "Leadership and Persuasion" (2008)[297]

Many individuals conceptualize persuasion simply as changing the attitudes or beliefs of another individual through an astute and convincing message.[298] While this is true, persuasion can occur in another manner which is not "rational or argument-based," but rather through "cues and features that imply that [the] position is correct."[299] Olson and Haynes describe these two types of persuasion as happening either through a *central route*, via information and strong argument, or a *peripheral route*, via cues and assumptions.[300] Both of these routes of persuasion can have a strong effect on certain individuals independently, but they can work in tandem effectively to change attitudes and beliefs. Olson and Haynes also contend that persuasion via the central route requires more effort, is used when the issue is highly important to the audience, and provides the longest-lasting effect on behavior and attitudes, whereas taking the peripheral route mandates less effort, is used for messages of less import, and is less effective over the long-term.[301]

Additionally, Gardner in *Leading Minds* implicitly alludes to Olson and Haynes's two routes of persuasion when speaking about the difficulties a leader may face in relating his narrative to his audience. He asserts the challenge of putting forth a narrative grounded in reason and sound argumentation via the central route of persuasion, claiming:

> "Throughout life, individuals hear stories and have to evaluate their merits consciously and unconsciously. There is always the chance that a more sophisticated story will prevail, particularly when the teller is skilled and the audience is sophisticated. However, my study provides abundant evidence that, more often than not, the less sophisticated story remains entrenched – the unschooled mind triumphs."[302]

Again, Dr. Cooper not only had to choose carefully the appropriate manner in which he related his story to his followers, but he had to identify correctly the viewpoints of his various audiences and the varying degrees to which each one would be inclined to accept the changes that he was proposing.

b. Employing Persuasive Communication: Targeting Each Constituency

The narrative that Dr. Cooper crafted was relatively straightforward. For the University of Richmond to *truly* become the best, small, private, liberal arts university in the nation and achieve its lofty goals and aspirations agreed upon in the 2000 Strategic Plan, it needed to increase its undergraduate student fees to the level of its competitors, for the sake of increasing the university's total revenues. The University, in the years leading up to 2004-05, was "competing with one hand tied behind its back" in the marketplace. Dr. Cooper, as a college president, wanted to better the University's quality of education and strengthen the sustainability of its financial position. Simply put, the University needed "fuel for the rocket" to reach its new, intended heights.[303]

Grounding his narrative in a firm grasp of the economics of higher education, he made the case for the benefits that additional revenues had already brought and could bring to the University. He knew that the main metric of determining a university's position in the economic hierarchy was wealth. In order to better the academic product, a university needs to secure and build upon its wealth. The University of Richmond at the time was well-off endowment-wise and the likelihood of another donor akin to E. Claiborne Robins emerging in the near future was slim. Dr. Cooper then saw the only real potential to increase his institution's wealth via tuition revenue. From that revenue, he could actualize his ambition for the University; he could lure better faculty, build better facilities and better the University's academic programs and other campus offerings. He could increase the overall level of expenditures per student. As the reputation would grow from such, more students and better students would desire to attend Richmond and the University could then tighten admissions selectivity, admitting the best quality students possible, furthering the institution's academic quality. Dr. Cooper also knew that greater levels of wealth could make the University more affordable for more individuals through a comprehensive, need-based financial aid program that met all demonstrated need. As a result, socioeconomic diversity would improve in admissions, a byproduct of which is again, a higher-quality academic product. Generally speaking, his narrative surrounding the potential tuition increase conveyed the many likely beneficial outcomes from greater institutional incomes. He communicated messages of high ambition, enhanced reputation and competitiveness, increased affordability for a wider spectrum of prospective students, stronger academics, greater selectivity, and overall, better educated and well-rounded Richmond students.[304]

1. Pricing Policy Task Force

The extent to which and the manner in which Dr. Cooper communicated this overall message varied from constituency to constituency. Before examining the groups which Dr. Cooper had to persuade overtly, it will help to address an essential group in the internal decision-making which aided greatly in the development of Dr. Cooper's persuasive narrative, the Pricing Policy Task Force. The Pricing Policy Task Force provided the basis for many of his persuasive arguments to the other groups. The Pricing Policy Task Force was tasked by Dr. Cooper to analyze objectively the three proposed increases in tuition, the $3,000, $5,000 and $7,000 options, without making a formal recommendation. The Task Force presented an arsenal of information to Dr. Cooper with which he could propose well-grounded, effective arguments via a central route of persuasion. He then knew for certain the wide-ranging pros and cons of the three proposed courses of action.

As a result, by thoroughly examining all three proposals, the Pricing Policy Task Force helped Dr. Cooper's solidify message supporting the $7,000 special tuition increase. Olson and Haynes, in their article "Persuasion and Leadership" speak about certain characteristics of a message which enhance its persuasiveness, pointing to the effectiveness of a two-sided message in comparison to a one-sided message.[305] They presume that a "two-sided message that refutes the other side shows both that the speaker is well-informed about the issue…and that the arguments for the opposing side are weak."[306] Dr. Cooper could use the findings of the Pricing Policy Task Force to assert the benefits of the $7,000 tuition increase were superior to its alternatives. Furthermore, the report of the Task Force helped to unearth certain "counterstories" which could emerge in opposition to each proposed course of action. For instance, in their report they claim that a shared downside of the $5,000 or the $7,000 tuition increase was "Given the current media hype surrounding tuition increases nationally, increasing our price could result in negative press for Richmond."[307] In a similar vein, equipped with the findings of the Pricing Policy Task Force, Dr. Cooper could articulate the specific benefits of a proposed tuition increase to further his message and refute the messages of those in opposition. As a result of enlisting the Pricing Policy Task Force to assess thoroughly his three proposed tuition increase, Dr. Cooper not only had the requisite means to use a central route of persuasion through well-informed argumentation, but he could also develop an effective two-sided message refuting those in opposition to his specific tuition increase of $7,000 or a tuition increase in general.

2. Planning & Priorities Committee

The first essential party in the decision-making system of university governance is the Planning & Priorities Committee, chaired by the President, and comprised of administrators, including the vice presidents and academic deans, as well as several faculty members from the University's schools of Arts and Sciences, Business, Law and Leadership Studies.[308] The committee focuses on strategic planning, assists in shaping institutional priorities and allocating resources, and makes annual recommendations regarding the budget.[309] As one can infer, P&P Committee members are well-versed in the institutional vision (i.e. the Strategic Plan) and the workings of the higher education marketplace. Unlike Gardner's assertion that a leader's audience is generally unsophisticated, favoring a less sophisticated story, Dr. Cooper's audience here were involved experts in the forces surrounding a decision to increase tuition. In turn, they would require a well-articulated and convincing story in order to be compelled to act in accordance with Dr. Cooper's new and innovative narrative.

Therefore, Dr. Cooper proposed the exact findings of the Pricing Policy Task Force to the Planning and Priorities Committee so that they too could objectively assess the merits of each proposed tuition increase. At the same time, he put the most emphasis on the strong merits of the $7,000 course of action.[310] In this setting, he chiefly employed a central route of persuasion, which would have been most effective since "the rational, argument-based type of attitude change…will occur only when an individual is *both* (1) motivated to engage in the necessary thinking *and* (2) capable of understanding the arguments."[311] Since, by virtue of the committee's mission, the committee members had to actively engage in the discussion and evaluation process of Cooper's proposal and they were extremely knowledgeable of the subject matter of the decision beforehand, Cooper's approach had the most potential to be effectively persuasive towards this group. After two sessions of deliberation, one in the spring of 2004 and another early in the next fall of 2004, the P&P Committee voted and confirmed that the $7,000 special tuition increase was the best course of action. Between the two meetings, though, Dr. Cooper's proposal was put forth to another essential group in the meantime, the Board of Trustees.

3. Board of Trustees

In the summer months of 2004, Dr. Cooper focused his persuasive efforts on the Board of Trustees. At the University of Richmond, as well as with nearly every college or university in the nation, the Board's primary responsibility is "to define the purpose and mission of the University" and "focus on issues of policy and long-term strategy."[312] The Board of Trustees is also the ultimate arbiter of decision-making at the University and Dr. Cooper had to take extreme care with all forty trustees to make sure that they bought into his new narrative for the University of Richmond's identity. As a result, in the summer of 2004, he arranged luncheons with each and every trustee for the sole purpose of engaging in an in-depth discussion about the proposed tuition increase. He wanted to make certain, before disseminating news of the decision to the rest of the internal Richmond community, the faculty and administration, that he had the Board's wholehearted support. However, as alluded to previously, the persuasion of the Board of Trustees did not just begin in the summer of 2004. According to Dr. Cooper, he enacted a "five-year grooming process" of the Board of Trustees, dating back to the advent of the strategic planning process in 1999.[313] This "grooming process" included successfully implementing the first smaller tuition increase, but also subtly communicating messages continually in trustee meetings, formally and informally, of the necessity for additional sources of revenue in the years leading up to the tuition increase.[314]

During these luncheons, Dr. Cooper put forth similar arguments to each trustee as he did to the Planning & Priorities Committee. He strategically explained the many merits of the special tuition increase of $7,000 and how such provided the necessary financial resources to become the "Swarthmore-plus" University, the ultimate long-term goal which the Board had charged him with at the beginning of his tenure.[315] He explained the potential short-term difficulties, but how they would be offset due to the wide range of long-term benefits resulting from the potential 21.6 million increase in annual revenues.[316] The message differed slightly though, for Dr. Cooper employed both a central and a peripheral route of persuasion in speaking with the trustees. He employed the central route in the same manner as his communication with the P&P Committee. However, since the Board of Trustees was not as immediately familiar with the intricacies of everyday University operations as the P&P Committee, he had to rely on the efforts and the expertise of the Pricing Policy Task Force to provide a heuristic cue to the Board that his decision was sound. Olson and Haynes assert that “the most important cue for peripheral persuasion is source credibility.[317] Therefore, his well-informed arguments were backed by the fact that their source was from two very knowledgeable parties, both the Pricing Policy Task Force and Dr. Cooper himself. In addition, the venue in which Dr. Cooper communicated his messages, during surely expensive and delicious luncheons, probably also provided a subtle, peripheral cue of positivity which influenced each trustee to some degree.[318] By summer’s end, Dr. Cooper had enough confidence that all forty trustees were on board with his new direction for the University, giving him the confidence to then communicate the proposal to the rest of the Richmond community.

4. Faculty and Administration

At the beginning of the fall semester of the 2004-05 academic year, the Board of Trustees had been effectively convinced on the merits of Dr. Cooper’s special tuition increase and the P&P Committee had voted and confirmed the $7,000 special tuition increase to be passed along to the Board of Trustees for formal approval. The next step in the decision-making process was to formally present the proposal to faculty and administration at the University Faculty Meeting on September 15, 2004.[319] Dr. Cooper had to recognize that these individuals were not necessarily directly involved in the decision-making process, yet he still needed their support before the proposal was put before the Board of Trustees that October. Again, the university faculty could be considered “sophisticated,” as experts of their domain, in the sense that they were very familiar with university operations and had much invested in their institution. But, at the same time, they were unfamiliar with the specifics of this decision and more familiar with the university identity as-it-was in years past. Therefore, Dr. Cooper had to convey his narrative of innovation in a way that accommodated the precise priorities of his faculty.

As described previously, Dr. Cooper used a central route of persuasion to a large degree. In this meeting, he explicitly put forth the findings of the Pricing Policy Task Force and solicited faculty input on the findings of the Task Force and the proposal to be considered by the Board of Trustees that October. The ensuing discussion mostly surrounded the University's efforts to increase diversity in the student body and the potential negative, short-term consequences of the decision. Dr. Cooper conceded to the potential for higher tuition affecting middle-class families and admissions yield being adversely affected initially, but hammered home that the short-term negatives would be quelled by the long-term improvements in academic programs funded by the tuition increase.[320] Dr. Cooper first put forth a comprehensive argument for the benefits of the tuition increase. He then solicited input from the faculty, allowing for potential "competing stories" and "counterstories" to emerge. When they did, he refuted their concerns with additional sound arguments. All of his arguments were backed with source credibility, namely the expertise of the Pricing Policy Task Force on the issue.

Moreover, most of this constituency lacked direct involvement in the decision throughout the entire process, and Dr. Cooper needed to generate a further sense of personal involvement in his narrative so that it was better internalized by his followers.[321] One effective means of doing so is by explicating the various benefits specific to the followers themselves, i.e. what the follower stands to gain from the decision. One finds parallels to Cooper's persuasive strategy here in social exchange theory which emphasizes the "implicit relational qualities of the transaction that exists between leader and followers, which yields effectiveness."[322] In short, followers see a leader as legitimate and effective if the leader is able to provide them with tangible benefits.[323] In turn, the followers provide a "heightened sense of responsiveness" to the leader and a "two-way relationship of influence" develops between leader and follower.[324] Therefore, in order for Dr. Cooper to attain legitimacy for his decision with this constituency, he had to elucidate the beneficial nature of the decision for the faculty and administrators. In this meeting, he did just that; he conveyed that more resources would be available for academic programs, class-sizes would shrink, faculty salaries would increase, etc.[325] Since Dr. Cooper clearly communicated that the faculty and administrators stood to benefit from this decision, he augmented the group's personal involvement in his decision, which aided in the effective internalization of his new narrative.

Additionally, a leader can provide his group with benefits besides those which are tangible and in their immediate self-interest. In fact, if a leader enacts a decision which may be at odds with the group members' immediate interests and but in the best interest of the group in the long-run, a leader may need to craft his message in different manner in order to convey that fact. Michael A. Hogg's social identity theory of leadership relates to Dr. Cooper's leadership in this situation in that the theory "attributes a significant role in effective leadership to the perceptions and behaviors of group members as followers" and it "refers to a representation and evaluation of oneself in terms of shared attributes that define the group one belongs to, one's "ingroup."[326] The leader must manage the way in which they reflect the group identity, acting as a prototype of the group, in order to maintain their legitimacy with their followers. Once accomplished, the leader "can define what the group stands for and what the social identity of its members is, by consolidating an existing prototype, modifying it, or dramatically reconstructing it."[327] Dr. Cooper thus had to convey that he was strengthening the identity of his ingroup, especially in relation to other outgroups (Richmond's competitor universities) through this decision. In his narrative to the faculty and administrators, he made such very clear, when he claimed that "tuition, as the largest source of the University's income, unfairly limits our programs if it is priced too low in relation to other schools."[328] Through his decision to increase the University's tuition, improvements to academic programs and academic quality would follow, bettering the institution as well as the "identities" of those closely associated with the University of Richmond, including the faculty and administration. What's more, Dr. Cooper communicated that, upon the implementation of the tuition increase, the University of Richmond would begin to move ahead of its competitors in the higher education marketplace, and thus bettering the position of his ingroup in relation to the other relevant outgroups. Following the faculty meeting on September 15, 2004, the Board of Trustees voted on Dr. Cooper's proposal for a special increase of $7,000 on October 15, 2004. It was subsequently approved for implementation for the 2005-06 academic year. After the formal approval, Dr. Cooper also reported that there was "no major pushback" from faculty or administration

5. Public Information Campaign

Up to this point, the four previous constituencies were very much involved in the overall decision-making process, had a firm knowledge of the forces surrounding the decision, and/or stood to clearly and directly benefit from the decision. However, such was not the case with all of the constituencies to which Dr. Cooper had to communicate his narrative of institutional innovation. After the decision was made, the University had to carry out a public information campaign in order to address and persuade those external to the decision-making process on the merits of the new direction which the University was taking towards the future. The public information campaign was relatively straightforward in outlining the University's goals and the benefits of the decision in a similar manner to that of the communication with those parties closer to the decision-making process. However, since the audience was relatively removed from the decision and everyday university operations, the message had to employ other persuasive tactics to be truly *appropriate* to each of its individual audiences. For the sake of this section, since the public information campaign was directed to all parties outside of the decision-making process, I will first describe the narrative of the campaign and then the priorities of each constituency and the campaign's effectiveness.

According to Dr. Cooper, the public information campaign's chief focus was to emphasize the great potential for beneficial effects for the university's long-term goals. Dr. Cooper modeled the public information campaign off those of other universities that had enacted similar tuition hikes in the past. The public information campaign was relatively short in nature, as were those of other schools, due to the inherent unpopularity of a large tuition increase. Dr. Cooper's rationale for this was "no university I can think of ever announces a major tuition increase without push-back. The more you try to explain goals and benefits, the more you can anger those who do not share those goals, being more content with the *status quo* and ignoring issues of competitiveness."[329] Therefore, the public information campaign consisted of no more than several formal presentations and a few interviews with local news outlets. Various administrators and faculty were also briefed on key talking points in the event that they were questioned in public forums such as class, university events, fundraising trips, etc. in the months following the decision.[330]

Dr. Cooper's message in the public information campaign had several key portions. First, it generally reflected on all of the progress that the University had made since the approval of the 2000 Strategic Plan. In broad strokes, he touched upon the momentum which the University had built that would only be catalyzed with even more income from the increase in undergraduate student fees. Dr. Cooper also consistently used a metaphor to describe the tuition increase, claiming that it was "fuel for the rocket" and would provide the essential financial resources to reach the University's high aspirations. This metaphor was featured in most public reports on the University's tuition hike. Metaphors are another one of Olson and Haynes' message characteristics that increase persuasiveness. They claim that "metaphors generally increase the effectiveness of persuasive messages…thus increasing attention while also helping the recipient to organize and understand the arguments in a message."[331] The metaphor was also buttressed with linguistic cues such as the use of the words, "bold," "ambitious" and "high aspirations," which conveyed positive messages regarding the University's great potential for the future. Finally, Dr. Cooper narrowed down the main benefits of the tuition increase to the achievement of two main institutional goals, future progress in academic quality and enhanced diversity in admissions by means of increased affordability.

6. Students and Parents

One of the most vital constituencies that had to be persuaded of Dr. Cooper's decision was current and prospective students and their families (for simplicity's sake, I will refer to this entire group as "students"). This group was not directly involved in the decision-making process and would be informed only after the decision was officially made. Not only that, but students would be most directly affected by the hike in tuition (except current students who would continue to pay the existing tuition rates). Additionally, most students are not generally well-versed in the intricacies of higher education and the higher education marketplace. It is also not explicitly clear how students would directly or immediately benefit from an increase in tuition. From their perspective, they would now be paying more to attend an institution which offers the same academic product for an additional $7,000, plus another inflationary increase of roughly four percent. Even including the most affluent of students, no one generally is fond of paying a higher price for their already highly-priced college education. Taking all of the students' priorities into consideration, Dr. Cooper would have to persuade a major constituency on the merits of what is, at first glance, an unpopular decision.

Dr. Cooper's narrative to this group was received in several, mixed fashions. Some current students appreciated the fact that they were going to be associated in the future with a school poised to make such great progress, whereas other current students saw change as unnecessary with the potential to alienate middle-class students from attending the University.[332] Some prospective students too were dissuaded, or perhaps unaware of, Cooper's story delineating the potential long-term benefits of the tuition increase and were compelled to attend other schools in the short-term, as seen by the decrease in applicants and the decrease in admissions yield in the short-time afterward.[333] One can interpret these effects in a couple of ways. One could say that, since there was a downturn in prospective students in the years following the increase that Cooper did not effectually convey all of the potential benefits in the best way possible. On the other hand, one may claim that given the inherent unpopularity of the decision, Dr. Cooper did his best to mitigate the adverse short-term effects, as seen by the article in the *Richmond Times-Dispatch* which reads that the University was glad that applications only dropped by eight percent in the year following the tuition increase, considering they prepared for a decrease as high as 25 percent.[334] There is validity in both trains of thought. One can always speculate about what else could have been done to have reversed unfavorable outcomes. However, I am inclined to agree more with the latter assessment, since Dr. Cooper was cognizant of and prepared for the short-term costs in light of the potential for larger long-term gains for his institution.

7. Alumni

Another important and very vocal constituency, as in any university community, is the body of alumni. Many alumni very much identify with the university culture that was present when they attended the university in years past. Much care has to be taken to create buy-in with this group if a university president aims to innovate and change campus culture in any significant way. Alumni generally are very skeptical about major changes to the university which they knew and loved during their time spent there. Additionally, alumni are very influential in the university community and in everyday university operations, since they contribute to a significant portion of university finances via donations and gifts. A strong relationship with alumni is integral to a university president's effectiveness. Furthermore, alumni too are not extremely familiar with the nuances of university operations. Therefore, a specific, inclusive type of message must be conveyed to this group, one which rallies the alumni around the new and innovative direction of the University.

Today there is a common sentiment amongst alumni that the University of Richmond is headed in a positive direction and they appreciate being associated with a university with ever-increasing academic quality and standards, albeit one that charges a much higher tuition price than during their time.[335] However, the sentiment among alumni at the time when Dr. Cooper made his decision varied. During Dr. Cooper's tenure, alumni giving was decreasing and continued to do so in the years following the decision, partly because they were wary about the direction in which Richmond was heading.[336] It can be stated that alumni could potentially have been more involved at the front-end of the decision-making process, or more attention could have paid in Dr. Cooper's message in thoroughly conveying all of the benefits of the decision. Given the fact that alumni are so remote to the everyday operations of the University, they definitely are inclined to present a strong "counterstory" of the value of past university culture in opposition to any major change proposed by a university president. In the short-term following his decision, perhaps Dr. Cooper could have addressed that constituency more. However, if given more time to see the benefits that stemmed from his decision actually come into fruition, he may have organically persuaded the alumni otherwise, in the same manner that he persuaded the Board of Trustees and other major university officials for his tuition increase: by displaying leadership competence, succeeding in attaining more university goals, and further embodying his new story of high ambition and achievement.

D. Building and Managing an Organization which Supports Implementation

In addition to developing a well-conceived and shared vision and persuasively communicating the vision in a manner appropriate to followers, the third and final element of Chandler and Chandler's framework for leadership effectiveness to be discussed in this evaluation is "building and managing an organization that effectively supports the implementation of the vision" and "[ensuring] ongoing alignment between leader and followers."[337] In this section, I will discuss the manner in which Dr. Cooper managed the system of governance of the University of Richmond in order to implement his groundbreaking decision effectively. The entire institutional decision-making process initiated by Dr. Cooper's proposal to raise the University's tuition will be at the heart of this evaluation, for such is the most obvious domain in this study within which to effectively build, manage, and exercise his authority over his organization in accordance with his leadership narrative.

Highly relevant to this evaluation are the findings of Tom R. Tyler and E. Allen Lind as presented in their article "A Relational Model of Authority in Groups."[338] In this article, they describe a concept of procedural justice, stating that "people's reactions to authorities' decisions have…been linked to judgments about the fairness of the procedures used to make decisions. Procedural justice theories suggest that people focus on how decisions are made, as well as the decisions themselves…"[339] They conclude that the legitimacy of a leader's decision lies in "persons' evaluations of the fairness of the procedures used by the authority in question," more so than the outcome of the decision.[340] One reason that they cite for "the preeminence of procedural justice" is that "in many social situations it is not at all clear what decision or action is correct in an objective sense."[341] The procedure, if sound, acts a cue or heuristic to followers that the decision will be sound since it is the product of a sound process. Therefore, effective leadership within an organization context may not always necessitate superlative outcomes, at least immediately, for the group or institution. Rather, effective leadership may also manifest itself through conducting a thorough and fair decision-making process and dealing accordingly with the generated outcomes.

In order to gain initial legitimacy for his decision, Dr. Cooper first used the system of governance in the development of the 2000 Strategic Plan. In the strategic planning process, he involved all major tiers of the university hierarchy. He took into account the sentiments of the student body, faculty and administrators. He organized strategic evaluations of all facets of university operations and discerned necessary areas of improvements in all relevant parts of the campus community. Furthermore, best practice research was conducted on all competitor universities in order to discern how they were achieving their institutional goals better than the University of Richmond and to provide relevant benchmarks against which to measure the University's successes.[342] Dr. Cooper orchestrated a comprehensive strategic planning process that paid appropriate attention to all relevant parties within the University community. As a result, since the process was conducted thoroughly and fairly, it was perceived to be legitimate by his constituents, and thus he effectively developed a shared vision for his institution moving forward.

In turn, Dr. Cooper gained a certain amount of legitimacy in proposing the means by which to achieve these institutional goals, since the process in developing the goals was generally agreed upon and perceived as fair. When the time came that Dr. Cooper felt he could feasibly propose a special tuition increase, he again utilized the University's system of governance and formally submitted his proposal through the requisite university channels of decision-making. First, that involved the commission of the Pricing Policy Task Force, which, after carefully consulting with his Vice President of Finance, he charged to evaluate the merits of three potential courses of action. Instead of pigeon-holing the University into one specific course of action which he felt was best, considering no other options whatsoever, he aimed to grant his followers more autonomy in discovering the best possible route to take. After receiving the special report from the Pricing Policy Task Force, the proposal properly moved along to the Planning & Priorities Committee, which evaluated all three options, deliberated the pros and cons of each, voted and confirmed the $7,000 tuition increase. Afterwards, the P&P Committee's confirmation was presented appropriately to faculty and administrators, and then rightly passed along to the Board of Trustees for formal approval. Again, the decision-making process was conducted in a thorough and fair manner, further gaining legitimacy for the decision itself. Though the specific outcomes were not entirely certain, the fairness of the process and the due diligence of each decision-making channel provided some heuristic cue to the University community that the decision was sound to some degree.[343] Therefore, though some may disagree on the merits of the specific course of action that Dr. Cooper endorsed, one cannot deny the fairness and effectiveness with which Dr. Cooper managed the decision-making process of increasing the tuition at his institution. Also, by conducting these two major processes and managing his organization in a through and fair manner, he also by default ensured an "ongoing alignment between leader and followers"[344]

E. Criteria for University Presidential Effectiveness

On the whole, so far I have examined the decision that Dr. William Cooper made in 2004-05 to increase the tuition of the University of Richmond by 31 percent and evaluated such by means of general leadership effectiveness. I used three of the four elements of G. Donald Chandler and John W. Chandler's framework for leadership effectiveness as my overall base-line for my appraisal. In my discussion of each specific element of Chandler and Chandler's framework of leadership effectiveness, I have supplemented my appraisal with various other general theories of leadership, including Gardner's leadership as story-telling theory, Hollander's Idiosyncrasy Credit model, transactional leadership theory and social exchange theory, Morrill's theory of strategic leadership in higher education, Olson and Haynes's concept of the central and peripheral routes of persuasion and their characteristics of message persuasiveness, and Tyler and Lind's theory on authority and procedural justice. Though I have applied these theories to Dr. Cooper's actions within his university context, for the most part I have evaluated Dr. Cooper on general leadership effectiveness applicable to many contexts.

Finally, I will briefly examine Dr. Cooper's leadership by means of a theory which integrates leadership effectiveness *and* the contextual elements of higher education. Dr. Morrill, in his work *Assessing Presidential Effectiveness,* describes the ideal comprehensive assessment of a university president "which draws perspectives on the president's effectiveness from interviews with a cross-section of the campus community on a periodic basis."[345] He outlines ten specific criteria by which any university's Board of Trustees ought to evaluate a university president when conducting a comprehensive assessment of the president's effectiveness. These criteria reflect much of what has already been discussed in this section up to this point as well as including other university-specific considerations. The criteria are broad enough to be relevant to universities of all sizes, governance structures and financial backgrounds, but specific enough to draw out the most essential considerations of presidential leadership within the higher education landscape.[346] The criteria are as follows: strategic leadership, educational leadership, organizational management, financial management, fundraising, external relations, internal relations, board and governance relations, personal characteristics and values, and broad questions of general achievement.[347]

Implicitly referring to aforementioned examples in this chapter, I assess Dr. Cooper broadly on these ten criteria. Dr. Cooper, through his strategic planning process, his decision-making process in enacting and implementing the substantial increase in Richmond's tuition, and the integration of a new narrative into the University of Richmond community, definitely scored highly on most of Dr. Morrill's criteria for university presidential effectiveness. In the Strategic Leadership criterion, he certainly demonstrated an understanding of the culture, convincingly told its story and used a "credible and collaborative strategy process to renew the mission and create a compelling vision."[348] In Educational Leadership, he definitely assured "academic quality by mobilizing resources," he did "encourage and enable educational…innovation" and he did actively participate in shared academic governance.[349] Under the Organizational Management criterion, he definitely made "clear, timely and tough decisions."[350] In the realm of Financial Management, it can be said that he successfully "communicate(d) financial realities to stakeholders" and "manage(d) resources efficiently…build(ing) long-term financial equilibrium.[351] He also excelled in Internal Relations, by developing a climate and programs that enhanced diversity, and in Board and Governance Relations, by building a strong relationship of open communication, developing a "working understanding of board/faculty/administration's respective roles in decision-making," and by focusing the trustees on "mission and vision, strategic thinking, (and) resource use and acquisition…"[352]

On the other hand, even in the criteria which he may have scored less highly in some respects, he scored well in others. For example, in the realm of Fundraising, though alumni giving dipped noticeably during his tenure, corporate gifts and donations were at an all-time high for the University of Richmond.[353] In the External Relations criterion, one may claim that Cooper could have done more to enhance his "credibility and influence with external constituencies.[354] However, regarding the decision to increase the University's tuition and the ensuing public information campaign, he made a tough decision that automatically made external relations difficult and he then left the University of Richmond not long after. Conceivably, over time as the University continued to progress and increase its national reputation, Dr. Cooper may have taken additional steps to better his relationship with external parties. Plus, part of the External Relations criterion is increasing the visibility and reputation of the institution, to which Dr. Cooper did contribute in the years following the tuition increase.

II. EXCEPTIONAL LEADERSHIP

On the whole, one can say that Dr. Cooper was effective as a leader throughout the specific decision-making process per Chandler and Chandler's criteria of effective leadership. On certain occasions, ethics and effectiveness can be seen as entirely congruent. What is ethical in a situation is sheer effectiveness and the leader acted ethically because he brought about the intended effect of his action or he achieved a specific goal that he sought to achieve.[355] Dr.

Cooper, through his efforts worked to reshape and retell the story of the University of Richmond as one no longer of financial modesty, but one of reinvigorated academic ambition and long-term financial sustainability. He achieved such by successfully developing a well-conceived and shared vision for the University, by persuasively communicating his vision in a manner appropriate to his constituents (at least to those involved *internally* in the decision-making process in the short-term), and finally by productively managing and organization that facilitated the implementation of the tuition increase.[356] However, if a leader effectively achieves goals for one's group or institution that do not actually better the group or institution, or the goals themselves are intrinsically immoral, then such is not an example of good leadership. That leader is merely effective, not exceptional. Presupposing Dr. Cooper's general effectiveness as a university leader in this instance, considering the fact that he did successfully implement the tuition increase with enough support from his constituents, one needs to evaluate whether the good for the University community, good for the liberal arts and good for society as a whole**.** That is, was the decision exceptional leadership?

A. Betterment of the University and its Constituents

When looking at Dr. Cooper's leadership from a teleological perspective of leadership ethics, "what really matters is that the leader's actions result in bringing about something morally good or 'the greatest good.'"[357] The focus is placed upon the ends resulting from Dr. Cooper's actions, and whether those results had any moral significance. While serving as President of the University of Richmond, Dr. Cooper sought to better the institution in numerous ways, and his means of doing so was through a glaringly large increase in undergraduate student fees. I will first examine if the tuition increase actually led to the institutional advancement which Dr. Cooper intended.

Initially, Dr. Cooper aimed to enhance the University's position in the higher education marketplace as a result of the 31 percent increase in tuition. He took steps to expand the University's annual tuition revenue in order to offer a better quality education for current and future students of the University. He forthrightly acknowledged growth opportunities for the institution and aspired to improve the University's market position in relation to its competitor schools and national notoriety. He sought to provide more financial sustainability for his institution over the long-term. Equally important, he intended to increase access to and the overall affordability of a University of Richmond education in the long-term. All of these major goals were articulated before, during and after the decision to increase tuition.

By bench-marking the economic position of the University of Richmond in 2004 against its relative place immediately following the decision and over a longer span of time leading up to the present, one can examine the progress of the institution and the degree of influence which Dr. Cooper's decision had upon it. In 2004, when the University charged a sticker-price of $31,910, the University was ranked by *US News and World Report* as the top Southern Regional institution.[358] The total expenditures per student and the student-faculty ratio, both correlated with academic quality, were $46,734 and 9.4:1 respectively. The endowment, though it had decreased slightly in years previous, was $1.1 billion. The number of applications received, a reflection of student demand, had reached an all-time high of 6,236. The acceptance rate in admissions had dipped to 39 percent and the admissions yield, the percentage of accepted students who attend the University, was 31 percent. $16.9 million was spent in total on need-based financial aid awards and 12 percent of the University's student population represented a diverse demographic. The financial aid pledge of being need-blind *and* meeting 100 percent of demonstrated need had just been instituted, but its sustainability was called into question because of the slight volatility in endowment performance.[359]

Afterwards, in the two academic years following the decision which also coincided with the conclusion of Dr. Cooper's tenure as President, certain key indicators of institutional performance had worsened. By 2006-07, the number of applications decreased to 5,423 and the acceptance rate had increased to 46 percent. The quality of admitted student, as measured by SAT scores, decreased as well from 1294 in 2004 to 1259 in 2006.[360] On the other hand, some key financial indicators, such as annual revenue and expenditures per students, remained relatively constant.[361] The University had gained national notoriety, for it was now ranked in the National Liberal Arts category in *US News and World Report*.[362] The University also increased need-based financial aid expenditures over those two years by roughly $4 million.[363] Though such results were an expected short-term cost prior to the realization of the potentially beneficial long-term opportunities, Dr. Cooper left during this general downturn. Thus, while in a position of direct influence over the institution, the University was not necessarily in a wholly better position in the marketplace.

On the other hand, even if Dr. Cooper was not in a position of direct authority over the entire implementation process of the tuition increase, one can still see how he could remain partially instrumental in the achievement of further institutional progress. As with governmental fiscal policy, the university policy to increase undergraduate student fees had an impact lag. An impact lag is the time between the implementation of a policy and the actual attainment of its full effects over time. As outlined in the report of the Pricing Policy Task Force, it would take a full four years for the University to receive the projected ultimate annual income of $20.6 million from the tuition increase.[364] Dr. Cooper left during the early stages of that entire, large influx in revenue. Remember, too, the third criteria of Chandler and Chandler's framework for effective leadership: building an organizational construct that "institutionalizes the vision even after the leader is gone."[365] Dr. Cooper had a forward-looking vision of which the backbone was a significant increase in revenue; that revenue provided the organizational capacity to make enduring institutional change. He successfully implemented a change in policy that obtained the additional revenue that catalyzed further goal achievement by the institution. Whereas his time as President ended, his competitive tuition policy endured. Therefore, to some degree, one can surely attribute the effects of the tuition increase over a longer time span to Dr. Cooper's leadership, even though he held no formal position or had no formal control over the direction of the University after the year 2007.

Ten years after the decision, while now under the new leadership of Dr. Edward Ayers, the University of Richmond has made substantial gains in the higher education marketplace. Most important is the fact that the tuition subsidy the University of Richmond offers its students has increased considerably. The University of Richmond now spends on average $78,253 per student, while it charges $55,590 per student, leading to an average tuition subsidy for all students, pre-financial aid, of $22,390.[366] In 2004, the average tuition subsidy was $18,010.[367] In addition, today the school offers a total of $41.9 million in need-based financial aid to its students, the average need-based financial aid gift for qualifying students being $41,800.[368] The average tuition subsidy and need-based financial subsidy have increased noticeably in the last ten years. In addition, in 2004-05, 28.1 percent of all aid received by Richmond students was in the form of loans, whereas the percentage decreased to 24.1 by 2013-14. Thus, of the total average subsidy offered to students, more stemmed from need-based aid and grants than from student loans.

As touched upon significantly in the previous section on the economics of higher education, Gordon Winston, in his article "Why Can't A College Be More Like A Firm," states that "a large subsidy means a better bargain for students -- they get more for their money: more and better facilities, more distinguished professors, more student services... subsidies influence student demand, applicants respond to a good deal. And larger subsidies go with higher demand."[369] A larger tuition subsidy for all students developed from the tuition increase and other valuable improvements to the University's key indicators resulted. Student demand for the University of Richmond increased; 9,825 prospective students applied to the University in 2014 and admissions selectivity decreased by 16 points since 2007 to 30.3 percent.[370] The endowment has nearly doubled since 2004, reaching $2.02 Billion in 2014, and the University is now tied for #25 in *US News and World Report* National Liberal Arts category.[371] Other indicators of academic quality, besides rankings and expenditure per student also reveal growth; the student-faculty ratio is now 8.1:1 and the median 50% SAT score for incoming students is now 1300-1440.[372] Given that the quality of admitted student increased, one can conclude that the "peer effects" phenomenon at the University improved as well, strengthening the overall academic output, since "good fellow-students…will lead to a better education than poor fellow-students."[373] Diversity has also improved markedly, since the "students of color" population (U.S. and International) increased to 31 percent in 2014.[374] What's more, on April 17th, 2013, I sat down with Dr. Ayers and he mentioned something to the effect of Dr. Cooper's actions in 2004-05 regarding the University's annual tuition revenue helped him greatly in achieving the goals of his own strategic plan during his tenure.[375] Though it is apparent that there are many other factors which contributed to the notable advancement of the University of Richmond over the past ten years, much of which can be credited to Dr. Ayers, Dr. Cooper did orchestrate the tuition increase which laid the financial foundation for great potential improvements to Richmond's academics and campus life. In that sense, his actions *did* lead to a betterment of his institution over time.

Furthermore, since the institution clearly has progressed to greater heights since 2004, one can claim that the University's constituents were bettered too as a result. At the time of the decision, Richmond students were unaffected by the tuition increase, since it was grandfathered to first-year and transfer students. Prospective students, in the early years of the tuition increase, could be seen to have not benefited, for they were paying more for what was generally the same quality of education. However, one could also claim that Richmond was previously underpriced and those individuals were now paying the "going rate" for a school of that academic pedigree. Today's admitted students certainly benefit since they now have the ability to attend a school which offers an enhanced quality of education. Alumni also benefit from future improvements to their university. They belong exclusively to their university network, a network which now includes even higher-achieving individuals, for the most part, than those who attended the school during their time. At the same time all parties, past and present, have/will have degrees that read "The University of Richmond." Their social identities benefit as the value of a Richmond education is seen in an ever more positive light. Faculty, administrators and staff received tangible benefits in the form of higher salaries and greater institutional resources, and faculty even more so from smaller class sizes. Overall, many constituencies clearly were made better off in the long-run.

The aforementioned parties are obvious beneficiaries in this situation. However, to make an over-arching statement that all parties clearly benefit from an overall betterment of the institution is hasty. There could be some potential "losers" because of the tuition increase, and also University constituencies could have benefited for other reasons besides the tuition increase. A chief objective of the decision was to increase overall affordability, and in turn access to the University of Richmond and diversity in the student body. Though it is clear that diversity increased, the fact that the tuition increase was the root cause is not wholly clear. Also, even though Dr. Cooper's decision increased annual tuition revenue along with need-based, financial aid expenditures, it is not immediately clear that access to the University of Richmond for all demographics increased beneficially. However, if we consider Pell Grant-recipient and middle class students specifically in this discussion we can see if access increased for certain.

In order to examine possible non-effects or ill effects of the tuition increase, one may revisit a study by the New America Foundation that found "there is compelling evidence to suggest that many schools are…using Pell Grants to supplant institutional aid they would have provided to financially needy students…shifting these funds to help recruit wealthier students.[376] Fortunately, such was not the case with the University of Richmond following the decision. By 2007, the "rate of Pell Grants awarded by the federal government to Richmond students…increased by 43.5 percent."[377] Better yet, by 2011, 18 percent of the Richmond student body consisted of Pell Grant recipients, with those students' average net price being $7,150, making the University of Richmond a "best of the best" wealthy school by means of access and affordability.[378] The University clearly used the additional revenue as it was intended, to increase access to the University of Richmond for lower-income students. Prospective lower-income students were better off since today they have an even better chance of being admitted to the University.

Moreover, another concern of the decision to increase tuition was that middle-class students would be squeezed out of the admissions pool since individuals believed that University would be inclined to admit more full-paying students in order to offset the increasingly larger admission of qualified, low-income students. That specific concern was not the case either. Anxiety exists that "need-blind" universities are not wholly helpful to needy students in awarding financial aid due to the practice of "gapping," i.e. a "need-blind" institution telling an admitted student she needs $X to afford to enroll and then providing a package less than $X .[379] As a result, middle-class students who can pay some, but not all, of the sticker-price of a college education may receive insufficient aid from a "need-blind" school, practically barring them from enrollment. At the University of Richmond, though, the practice of "gapping" was eradicated when the University pledged a policy of meeting full, demonstrated aid. All students admitted to the University of Richmond, regardless of means, would receive financial aid truly according to their individual abilities-to-pay. Dr. Cooper's decision was instrumental in sustaining Richmond's generous financial aid policies in the long-run, thus middle-class students would not be adversely affected by the tuition increase. Therefore, in the years following Dr. Cooper's decision, the two constituencies, prospective middle and lower-income students, whose potential benefits were in doubt, not only benefited from the general institutional progress over time, but stood to gain specifically from the positive effects of the tuition increase.

B. Alignment with the Mission of a Liberal Arts Institution

For the most part, Dr. Cooper can be seen to have been instrumental in the betterment of his institution. The intended ends from the tuition increase were achieved and those ends served to better the University of Richmond and its constituents. One may now look at the ethics of Dr. Cooper's leadership from a deontological or duty-based perspective, whether his actions were in line with that of the duties of a university president. Similar to the disparities between the mission of a university as a nonprofit institution and the mission of a for-profit, commercial entity, the duties of a university president differ from that of executives in other domains. A corporate executive's duty generally is profit-maximization, whereas a university executive's duty mainly lies in the educational quality of the university. At the University of Richmond, the first broad duty of the President is to "partner with the Board of Trustees to preserve the mission of the University."[380] The mission statement of the University of Richmond reads:

> "The mission of the University of Richmond is to sustain a collaborative learning and research community that supports the personal development of its members and the creation of new knowledge. A Richmond education prepares students to live lives of purpose, thoughtful inquiry, and responsible leadership in a global and pluralistic society."[381]

Additionally, the second broad duty of the President is to "set a course for the future of Richmond as a leader in liberal arts education."[382] I will now examine whether Dr. Cooper's decision aligned with both of his presidential duties.

Initially, it can be said that Dr. Cooper demonstrably developed a working relationship with his Board of Trustees throughout the entirety of his tenure as President. As explained in chapter two, Dr. Cooper worked tirelessly over the first five to six years of his tenure in order to ensure that the collective vision of the trustees was in alignment with the vision that he had for the University of Richmond. At the beginning of his tenure, the Board of Trustees charged Dr. Cooper with certain aspirations for the University of Richmond, to formulate an institutional strategy to transform Richmond into a "Swarthmore-plus" university. Dr. Cooper internalized the Board's challenge and developed a plan which involved a change in the school's financial and academic cultures. In turn, Dr. Cooper realized that he needed to persuade the Board that his plan was the best course of action. Over the period of five years following the approval of the 2000

Strategic plan, he had to take deliberate steps to work directly and indirectly with the Board and demonstrate to them that he was working to better the institution. Directly, he individually lunched with every trustee, persuading them on the merits of the decision. Indirectly, by means of the smaller, initial special tuition increase, he showed that a tuition increase could truly lead to institutional progress in the realm of academics. Dr. Cooper certainly did not alienate himself from the Board of Trustees leading up to and throughout the decision-making process. Instead he fastened a firm partnership which facilitated an easy enactment of the tuition increase when the time came.

But did Dr. Cooper's partnership with the Board of Trustees preserve the mission of the University as stated above? The institutional vision for the University of Richmond per the 2000 Strategic Plan seemed to align quite well with the mission of the University. In fact, the mission statement was one of the guiding principles of that strategic plan. If the mission statement reads that the University seeks to "sustain a collaborate learning…community" and to support the "personal development of its members" and to "create new knowledge," then a strategic plan that focuses on enhancing the school's academic programs, drawing the best quality people, faculty, students and staff alike, into those programs, and using those programs to better the people within the larger learning community at least seems to aim to preserve the mission statement. At the same time, preserving the mission of a University is an active endeavor. A strategic plan can be seen as the "intent" behind an institution's actions, but a university must continually act and achieve further progress in order to preserve its mission. Since the institution did advance in academic quality during his tenure, and since the academic growth the University has experienced after his tenure can partially be attributed to his leadership, it can be said that Dr. Cooper truly followed his duty as the President to preserve the University's mission.

Similarly, it has already been established that Dr. Cooper was instrumental in some degree in placing Richmond on the correct path, by means of the tuition increase amongst other things, to advance its position in the marketplace and become a better leader in the education industry. But, his second duty as President was to direct Richmond in offering a leading *liberal arts* education. We must examine then if Dr. Cooper's actions advanced the Richmond education into becoming more in line with what a liberal arts education ought to resemble. One can look to scholarship on the ideals of a liberal education to clarify this point. Scholar Stephen J. Tonsor, in his article "Redefining Liberal Education," claims that "the college community can never pursue the goals of liberal education effectively unless and until there is genuine debate and difference represented in the faculty and in the student body…Those who close off debate, who limit the views represented or discussed, whatever their motives, do a grave disservice to the educational process."[383] Tonsor speaks here about the value of a diversity of viewpoints in the classroom as being integral to a liberal education. In fact, he directly states that "community and diversity…are important elements in the achievement of an integral education."[384] One can see that Dr. Cooper aspired to fortify the Richmond liberal arts education through his intended ends of affordability, and in turn, access for students from different socioeconomic backgrounds. He knew that an eclectic range of perspectives would strengthen the education quality, not only in the classroom, but throughout the entire campus learning community, due to the prevalence of peer effects.

In addition, Cardinal John Henry Newman, an important figure in the religious history of England and scholar on the liberal arts, wrote in his work, *The Idea of a University*, "The view taken of a University…is the following – That it is a place of *teaching* universal *knowledge*. This implies that its object is…intellectual, on the one hand…and, on the other, that it is the diffusion and extension of knowledge…"[385] Cardinal Newman conveys that the purpose of a university was more intellectual and pedagogical, than moral or religious. Also, he asserts that research, the discovery of new knowledge, ought to take a lesser role than the teaching and the dissemination of knowledge to a university's students. This point is furthered by his statement that "an academical system without the personal influence of teachers upon pupils, is an arctic winter; it will create an ice-bound, petrified, cast-iron University, and nothing else."[386] Not only should a liberal arts university focus primarily on teaching than on other functions, but the teachers themselves ought to be teaching and forming a "personal influence" upon students. Finally, Cardinal Newman too alludes to the powerful notion of peer effects in a liberal arts education. First, he supposes that "the *primâ-facie* view which the public at large would take of a University is nothing more or less than a place for acquiring a great deal of knowledge on a great many subjects."[387] He also asserts, "Though they cannot pursue every subject which is open to them, they will be gainers by living among those and under those who represent the whole circle."[388] Cardinal Newman holds that a university ought to offer a range of academic disciplines for its students. Plus, he says that though a student cannot feasibly study all of those subjects, being in the presence of other students who engross themselves in other particular subjects enhances their the learning of all As a result, students then learn to seek assistance from others, advancing ultimately the overall level of academic learning within the University.

Dr. Cooper seemed to have realized Newman's ideals for liberal education when striving to attain the benefits for overall educational quality from a tuition increase. Newman asserted the primacy of teaching and importance of teachers' personal impact on students. Dr. Cooper saw the tuition increase as a means to hire more faculty and better faculty, so as to increase teaching quality and decrease class sizes. With more professors on staff, all of the faculty could have lesser teaching loads in order to balance better teaching with independent research. Newman also asserts that a liberal arts university should offer many classes in many disciplines, the byproduct being a well-rounded liberal education fortified not just by the personal influence of faculty, but also through peer effects. Cooper put emphasis in the strategic plan on people and programs. He sought to enhance the present academic offerings and develop even more interdisciplinary programming across the many facets of the university, diversifying the University's academic product.[389] Furthermore, once the university invested in improving its academic offerings, then its reputation would grow, attracting better students who will then better teach and learn from their own fellow students in the university's academic climate. By bolstering each individual entity of people and programming, through the revenue from the tuition increase, Dr. Cooper intensified the positive interplay between the two, thus elevating the positive realities of the University of Richmond into further alignment with Cardinal Newman's normative ideals of a liberal arts education.

C. Betterment of Society

Finally, we can begin to evaluate Dr. Cooper's leadership on an even broader scale in order to determine if his actions led to a general betterment of society. The initial question of this case study proposed in Chapter One was to uncover the great disparity between the public viewpoint of price increases in higher education and colleges' propensity to increase their prices continually. So far, given the unique workings of the economics of higher education, the major justification behind tuition increases has been established. Essentially, with more revenue and wealth, universities can offer better educational quality, leading to an overall betterment of the institution. However, the question of whether a large tuition increase like the University of Richmond's in 2005-06 bettered society as a whole must be addressed.

When examining the ramifications of continual price increases in the higher education marketplace, one can look to Gordon Winston's idea of the competitive arms race in higher education. Winston claims, "In an arms race, there is a lot of action, a lot of spending, a lot of worry, but if it's a successful arms race, nothing much changes. The essence of an arms race is position — how a country or university stands relative to others."[390] Winston asserts that in the higher education marketplace, a university's access to student quality "depends on its position *relative* to other institutions…[and] in turn, on the size of its student subsidy…*relative* to that of other colleges and universities.[391] Due to the fierce competition in the market place and the scarcity of top student quality, universities are pressured to spend money to increase their relative position since other universities are doing the same. Curtailing expenditures would leave a university vulnerable to a decrease in ranking. As a result, prices escalate quickly, whereas the academic quality of institutions may not be increasing at the same rate.

Additionally, another potentially troubling aspect of the competitive arms race in higher education is the nature of the expenditures implemented by colleges and universities. In their work, "The Economics of Cost, Price and Quality in U.S. Higher Education," Michael McPherson and Gordon Winston touch upon the "cost-quality" quandary in higher education, "the problem that at elite private colleges and (some) universities, where the intensity of commitment to high quality in undergraduates teaching has traditionally been highest, costs to the buyer seem to be going through the roof."[392] They claim that an additional problem is that "student demands matter too much" at private colleges and universities.[393] In essence, for top private institutions to differentiate themselves in the marketplace, those schools spend money on items that are not "genuinely educationally valuable [and] such frills add to the cost of education without providing comparable benefits."[394] Instead of investing additional resources in order to improve educational quality, schools spend money instead on lavish dormitories, numerous dining facilities and climbing walls, amongst many other things. According to McPherson and Winston, catering to "student demands" in this fashion only exacerbates the spiraling price increases in the marketplace.

It is clear that one of Dr. Cooper's motives behind the tuition increase was to increase the institution's competitive position. Dr. Cooper was playing directly into the "arms race" prevalent in the marketplace. In fact, Dr. Cooper chose to increase the sticker-price of the University's tuition by an amount far more than his competitors at that point in time. One could feasibly criticize Dr. Cooper then for not disrupting the marketplace and pandering to the potentially troubling market trends. At the same time, the revenue generated from the tuition increase, the projected $21.6 million in annual revenue, was earmarked *specifically* for improvements to educational quality and solidifying the University's generous need-based financial aid policies. Dr. Cooper did not intend to spend the money superfluously on "frills" which provided no "comparable benefits" for education; he intended to differentiate his University from its competitors by aligning with them in price and subsequently surpassing them in academics. Furthermore, if one were claim that Dr. Cooper ought to have bucked the common trend of price increases and rapid expenditures in the marketplace, then he could potentially have acted contrary to his duties as the President of the University. It has been established already that the decision to increase tuition was in line with the University's mission and the mission of a liberal arts institution. Perhaps if Dr. Cooper did not increase the price of tuition to a competitive level, then it could be said that he did not do enough to achieve the institution's vision of becoming the best, small, private university in the nation.

Moreover, reflecting on the previous discussion on the mission of a liberal arts university, many make the case that a liberal arts education is good for society and its members. From an economic perspective, 80 percent of employers agree that, regardless of their major, all college students should acquire broad knowledge in the liberal arts and sciences.[395] The majority of employers agree that having both field-specific knowledge and skills *and* a broad range of skills and knowledge is most important long-term career success.[396] From a societal perspective, McPherson and Schapiro argue that, in the ever-evolving technological landscape of the future, "these trends are likely to increase society's need for liberal and general education."[397] A wide-ranging liberal arts education provides society with individuals who possess enough knowledge and adaptability to thrive in ever-changing contexts, whereas more technical forms of education may suffer from the same obsolescence as technology itself.[398] From a citizenship perspective, the overarching goal of a liberal arts education is to provide students with the necessary skills to construct lives of substance and achievement, helping them to become wise citizens.[399] Also, Martha Nussbaum, a professor of law and ethics at the University of Chicago, argues that a liberal education provides "a cultivation of the whole human being for the functions of citizenship and life generally."[400] A quality liberal arts education has great utility for society and its members, especially in equipping citizens with wide-ranging knowledge, preparing them for a life of great contributions to others.

Taking all of this into consideration, one can argue then that if Dr. Cooper worked to better the value of the University of Richmond liberal arts education, then he, to some degree, bettered society as a whole. Ultimately, though, Dr. Cooper helped to improve society mostly because his actions led to the betterment of the University. The University of Richmond was on its way to offering a higher quality education and becoming more accessible to *all* qualified students, regardless of financial background, by means of overall affordability. All of society benefits when more people have college educations.[401] Following the tuition increase, though the University of Richmond was not offering a greater number of degrees per se, it was striving to offer a better degree to a wider spectrum of individuals. It can be said that there were some "losers" as a result of the decision, the full-paying students who now have to pay more than before for a Richmond education, the Universities who subsequently lost students to the University of Richmond, and the individuals who were fond of Richmond's culture before the tenure of Dr. Cooper. However, it is not as though Richmond's future success came at the precise detriment of other parties. It can also be said that Dr. Cooper played into the competitive arms race in higher education, when he could have acted otherwise in lieu of enacting a major tuition increase. However, it can equally be argued that the school truly was underpriced at the expense of the school's constituencies, and following the increase in tuition the University was working to realize its full potential in the higher education marketplace, just as it was working to realize the full potential of its students. All in all, there were no seriously evident negative ethical implications for society resulting from Dr. Cooper's decision to increase the tuition of the University of Richmond by 31 percent. Truthfully, society benefited from the University of Richmond using its additional revenue to enhance its liberal education, to expand its potential reach to students from all backgrounds, and to provide society with more knowledgeable and socially aware citizens. Since Dr. Cooper's exhibition of leadership passes this ethical appraisal, one can also claim that it was an example of exceptional leadership as well.

SUMMARY AND CONCLUSION

In conclusion, at the beginning of this case study of Dr. Cooper's leadership, there were three major questions surrounding Dr. Cooper's decision to increase the tuition of the University of Richmond by 31 percent. The first question that was posed asked *why* someone would increase a University's tuition by such a large amount, in light of all of the societal scrutiny around the rapid price increases in higher education. The short answer lies in the hierarchy of wealth within economic marketplace of higher education. The market is a "winner-takes-all" model, where the wealthiest private schools are the schools which charge the highest sticker-prices, but at the same time can spend the most per student and offer the greatest tuition subsidies to their students. Simply put, these universities spend substantially more per student than they charge each student. The tuition subsidies signal to students the high quality of the school's education, thus these schools draw the top quality students to their institutions. Due to the presence of peer effects, the best students also teach and learn from other great students, furthering the quality of education at these institutions. Similarly, these top schools typically offer the most generous, need-based financial aid policies and are considered most affordable, since they offer the greatest access for qualified students from all demographics. The higher education marketplace is very distinct from the traditional microeconomic marketplace, hence a tuition increase can actually make a university more affordable for more people. Therefore, Dr. Cooper's rationale for the major tuition hike in 2004-05 was that the university was underpriced in the marketplace and the tuition increase would increase the university's overall wealth, leading to advancements in educational quality and affordability.

The second question proposed during this case study asked *how* Dr. Cooper actually made and implemented the decision to increase the tuition by 31 percent. First, at the onset of his tenure at the University of Richmond, Dr. Cooper recognized the great disparity between the University's aspirations and the University's financial position. Given the University's enduring culture of financial modesty in regards to undergraduate student fees, Dr. Cooper carefully made the case for a tuition increase to key constituencies in the five years between the approval of the 2000 Strategic Plan and the decision in 2004-05. He revealed that a small special tuition increase could result in substantial goal achievement in 2001-02. He groomed the Board of Trustees over time, even lunching with them personally in the summer of 2004, convincing them of the merits of a tuition increase. Finally, after the commission of the Pricing Policy Task Force, he proposed the three potential increases of $3,000, $5,000 and $7,000 to the Planning and Priorities Committee. The $7,000 option was approved and forwarded to the Board of Trustees, where it was formally approved for implementation for the 2005-06 academic year. He successfully made this ground-breaking decision with clear foresight and many deliberate and strategic leadership steps over a five to six year period.

The final and most important question presented in this study was whether Dr. Cooper's decision was an instance of *good* leadership, in the realms of both effectiveness and ethics. Dr. Cooper certainly exhibited "effective leadership" overall. He developed a well-conceived and shared vision for the University through the development of the 2000 Strategic Plan and by retelling the story of the Richmond's identity, all grounded in firm knowledge of the economics of higher education. For the most part, he persuasively communicated the vision in a manner appropriate to the constituencies of the University of Richmond. One shortcoming of his overall effectiveness though occurred in communicating the decision to parties external to the decision-making process. Dr. Cooper also built and managed an organizational framework which implemented his vision over time. Through the additional revenue garnered from the tuition increase, the University was able to make great progress in educational quality and overall affordability even after Dr. Cooper had departed the Presidency at the University. Furthermore, it can also be stated that Dr. Cooper exhibited "exceptional leadership" in making this decision.

While not evident in the short-term, his decision did contribute to an overall betterment of the institution over time. Additionally, his decision did align with the normative ideal of the liberal arts for the University progressed to become a leading liberal arts institution. Finally, though some may claim that Dr. Cooper's decision played into the troubling competitive arms race in higher education, the expenditures resulting from the tuition increase were not earmarked for superfluous endeavors, but rather for justifiable goals of enhanced academic quality and institutional affordability. Therefore, by being instrumental in his institution offering a better liberal education, one can say that Dr. Cooper bettered society as a whole, which, in turn, permits us to say that his decision was an exhibition of exceptional leadership. All in all, Dr. Cooper's decision to increase the tuition of the University of Richmond by 31 percent was an exhibition of *good* leadership.

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